

# ANNUAL REPORT

(APRIL 1, 2006 – MARCH 31, 2007)

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PERÚ ALTERNATIVE DEVELOPMENT PROJECT

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# CHAPTER 1: CONTEXT AND CHALLENGES

## A. Introduction

Throughout the course of development of PDA activities, it is important to constantly analyze the context in which they are being carried out and examine the ways in which the challenges affecting security are being addressed. In this context, the program takes action to monitor security in PDA's areas of intervention; prevent high risk situations that could potentially affect regional activities; provide information on the political, social, subversive and delinquency situation of the area in order to support PDA decision-making and offer ongoing preventive security training to all staff. The following paragraphs analyze the general framework for the April 2006 – March 2007 period and the situational conditions of the coca basins within PDA's intervention areas.

## B. General Situation during the 2006-2007 Period

In the 2006-2007 period, the Sendero Luminoso terrorist organization staged a violent, forceful and large-scale attack in the locality of Machente – San Francisco, just a few days before Christmas. Their target was a police patrol car and the outcome was the death of 5 policemen and 3 civilians. Terrorists were also detected in the areas of Nuevo Progreso (Tocache – San Martín) and in the VRAE. Interdiction activities undertaken by the Huallaga Police Front continued to be effective in this anti-terrorist fight. Counter-terrorist activities carried out in the region of San Martín produced the arrest of most of the insurgents working under the direction of the “Cojo Gerson,” re-establishing peace in the area.

A few disturbances followed in the wake of the November 2006 municipal and regional elections in some communities, which protested against the election results. All problems were effectively controlled by the police (PNP). There were a few accusations of fraud filed before the Special Electoral Juries. There were also a number of anti-PDA and pro-coca farmers protests, organized by some of the newly elected mayors.

Towards the end of calendar year 2006, rainfall in the areas of Tingo Maria, Tocache and San Martín (Alto and Bajo Huallaga) suddenly became very heavy, causing floods in the towns and blocking off the roads running from Tingo Maria to Tarapoto.

Common delinquency activities decreased considerably during the reporting year. A number of delinquents were arrested as a result of intensified police and rural peasant patrols. The PNP carried out antidrug activities along the roads, confiscating cocaine and cocaine paste (PBC), and organized active intervention operations to confiscate drugs from small-scale cocaine, cocaine paste and marihuana distributors in the outskirts of the towns.

The Peruvian government extended the State of Emergency to April 20, 2007. During the period that this has been in force in 6 provinces in the departments of Huanuco, San Martín and Ucayali, the police, supported by the armed forces, have controlled the main access routes and staged random interventions in areas known for harboring terrorists.

There was only one violent incident reported (October 25, 2006) against three PDA workers who were attacked by anti-PDA community members. The vehicle they were traveling in was partly damaged too. The incident was denounced at the local Police Station and Public Prosecutor's Office of the province of Tocache and is currently at the stage where the perpetrators have been summoned to render their depositions. Failure to appear, will deem them offenders in contempt.

There were only two events reported that merited temporarily interrupting activities being carried out by the Regional Offices. Both were CONPACCP promoted pro-coca marches; one took place in Tingo Maria on January 20, and the other in Aguaytía on January 21, 2007. While these marches were taking place, staff posted at these two Regional Offices worked from home.

Main activities carried out by the Security component throughout the reporting annual period are shown in the box below.

#### MAIN ACTIVITIES CARRIED OUT BY THE SECURITY COMPONENT

- Prepared of weekly and quarterly reports on security.
- Elaborated daily local and international news summaries.
- Formulated security reports on the progress made and analyses of any incidents that took place.
- Accompanied field teams on programmed visits to communities.
- Trained Regional Office personnel on security issues.
- Performed inspection visits to Regional Offices.
- Accompanied USAID and PDA Management personnel during inspection visits to communities in intervention areas.
- Conducted training exercises with Regional Office staff at the site of each Regional Office regarding execution of Emergency Plans.
- Undertook planning meetings and training for Security Coordinators with the aim of determining future action in the area and ensuring compliance of PDAP operations in each region at the least risk possible.

### **C. Situational Analysis of the Coca Basins**

#### **C1. Regional Office of Ucayali**

- **Socio-Political Situation**

2006 was a Presidential, Regional and Municipal election year in Peru and as is normal in these situations, political tension and social disturbances were commonplace and required special attention. Pre-electoral campaigns organized by candidates running for Mayors and Regional Presidents promised to defend coca-farming and to fight against the forced eradication of coca-crops. In their public speeches, the new authorities went to great lengths to transmit their anti-PDA sentiment in an effort to gain the support of the coca-growers.

There were a series of protest marches organized by public groups with no affiliation to the coca-grower organizations, and who have maintained a low profile during the reporting period.

- **Subversive Situation**

No terrorist activity was reported in the region but this does not mean that subversive elements were entirely absent from PDA's intervention area. To the best of our understanding, SL is currently engaged in reorganizing their bases and indoctrinating new recruits.

- **Situation of Common Delinquency**

The "Zero Tolerance Plan" was set in place as a joint PNP - Ministry of Transport and Communications effort aimed at enforcing law and order along the highways. The main purpose of this plan was to halt delinquent activities and to stop all wood, fuel and live- species trafficking, all of which are highly common illegal activities in this part of the country. The continuation of the "Police on Board" operation was instrumental in significantly cutting-back the number of attacks targeted at interprovincial buses, as these have been reduced significantly compared to the number of assaults reported last year. There is still a relatively high incidence of delinquent activity in the urban area of Pucallpa, which put society in general at risk.

- **Situation of Narcotrafficking**

Of all PDA's intervention areas located in Ucayali, the most problematic area in terms of narcotrafficking (collecting and distributing) was Yuyapichis, in the Province of Puerto Inca. In this locality however, the PDA is gradually gaining acceptance through its Voluntary Eradication strategy. Police operations carried out in the city of Pucallpa and peripheral towns against small scale distributors were stepped up and the results were successful.

## **C2. Regional Office of San Martin**

- **Socio-Political Situation**

As in the case of the other regions, San Martin was also affected by the Presidential, Regional and Municipal elections, and experienced social disturbances. Pre-electoral campaigns organized by candidates running for Mayors and Regional Presidents promised to legalize coca-farming. In their public speeches, the new authorities went to great lengths to transmit their anti-PDA sentiment in an effort to gain the support of the coca-growers. Their message however, began to tone down during the months following the elections.

There were a series of protest marches organized by public organizations who have no affiliation to the coca-grower organizations, and who maintained a low profile during the reporting period. The most significant event occurred in January 2007 and refers to the take over of the Municipality of Juanjui. Protesters demanded the removal of the Mayor accusing him of fraudulent administration. Finally the Attorney General intervened and carried out the necessary investigation. The same occurred in Campanilla (province of Mariscal Caceres). The Municipality was taken over by local

community members and there was a fierce struggle to prevent the elected Mayor from entering the building. The reason for this discontent was that they suspected fraudulent votes and refused to acknowledge him as the rightful Mayor.

- **Subversive Situation**

Following the arrest of “El Cojo Gerson”, the DIVCOTE in Tarapoto has been able to make more arrests. There are now 10 accomplices being held under arrest. Peace has now been reinstated in the area (Tabalosos and Pinto Recodo) and there are no signs of subversive activity.

There was a false alarm suggesting the possible reorganization of the MRTA terrorist group, but this was eventually discarded after confirming that the suspects were in fact common delinquents who were imitating MRTA activities to blackmail entrepreneurs to force them to pay quotas.

- **Situation of Common Delinquency**

Assaults along the FBT (Juanjui – Tarapoto – Moyabamba – Yurimaguas stretch) were constant throughout the reporting period despite of PNP patrols in the area. The number of assaults increased significantly in the urban area of Tarapoto, compared to the previous year. The PNP was however successful in capturing major gangs dedicated to thievery and trading firearms, who operated in the area of Bellavista, Saposoa and Juanjui.

- **Situation of Narcotrafficking**

During the reporting year, the PNP’s Antidrug Division successfully captured a number of narcotraffickers, exposing the organized mafias in this part of the Region of San Martín. House-to-house intervention operations also resulted in the arrest of a number of small-scale drug dealers (cocaine paste).

### **C3. VRAE Office**

- **Socio-Political Situation**

No social disturbances organized by base organizations were reported in the region during the reporting period. Instead, interest was focused on the Presidential, Regional and Municipal elections. Nelson Palomino, from the Kuska Tarpuy party gained the most votes in the valley. He was released from jail on parole in April 2006 after serving nearly 4 years in prison. During his imprisonment he dedicated his time to strengthening his Kuska Ayacucho movement, promising to legalize coca-farming in the region.

After the announcement of the implementation by the Garcia Administration of the “Plan VRAE” at the beginning of 2007, the local population is anxious to see what the government is going to do during the new calendar year.

- **Subversive Situation**

Sendero Luminoso terrorists resumed activities as a means of bringing attention to themselves. They circulated in different areas within the VRAE (Santa Rosa, La Mar, Sivia, Llochegua, Huanta and the left bank of the Ene river), and entered some of the communities and smaller towns. In this way, they organized and defended the masses under the slogan of “non-aggression against the civilian population and protection and help to narcotraffickers”.

On December 16, 2006, in an effort to make their presence felt and replenish their provision of firearms and ammunition, they conducted an ambush against a police vehicle, killing 5 members of the Police Antinarcotics Group, and three civilians. This occurred on the road from Machente to San Francisco, at a location known as “Oparo,” five minutes away from Machente, in the Apurimac river valley.

- **Situation of Common Delinquency**

No major delinquency incidents were reported for this period. The possibility of some sort of action after the vendetta that took place between common delinquents a few months ago in the town of Paterine in Monterrico had been expected, but fortunately this did not occur. Since the Self-Defense Committees reorganized themselves to patrol their communities on foot, common delinquency in the region was significantly curtailed and only occurred sporadically, particularly during long weekend holidays.

- **Situation of Narcotrafficking**

Organizations dedicated to narcotrafficking stepped up their activities in the VRAE during the reporting period (specifically in: Santa Rosa, Palmapampa, Monterrico, Lechumayo, Arwimayo, Pichari, Llochegua, Sivia and the left bank of the Ene river ) and despite the PNP’s counter-action organizations dedicated to narcotrafficking have adopted new methods and routes to transport their drugs, avoiding all existing police checks. In view of this lack of police control, drug traffickers have continued to send drugs to the coastal cities by means of “backpackers” (“mochileros”), continued to construct laboratories to produce cocaine paste, and continued to receive chemical inputs to supply other drug producing areas. The Tijuana Cartel has been confirmed to be operating in the area, but this might change due to the imminent implementation of the Plan VRAE.

#### **C4. Regional Office of Tingo Maria**

- **Socio-Political Situation**

As in the case of the other regions, Tingo Maria was also affected by the Presidential, Regional and Municipal elections, and experienced social disturbances. No violent incidents organized by the coca-growers union were reported during the period, which proves that they continue to be a disjointed organization. The coca-growers union experienced a rift when the CENACOP, led by Eduardo Ticeran was created, and which directly opposed the CONPACCP, led by Nelson Palomino La Serna.

The continuous rainfall recorded towards the end of 2006 caused the Huallaga river to flood, which caused major problems in the city of Tingo María. However, the

areas most affected by these floods were the villages located on the left margin of the river in the area of Aucayacu where PDA-promoted crops of cacao and citric fruits suffered major damage.

- **Subversive Situation**

Sendero Luminoso terrorists maintained a low profile this year. No terrorist activities were reported, not even propagandistic activity. It is presumed that they are reorganizing their internal structures. The Huallaga Police Front patrolled the area permanently so as to reduce the chance of being ambushed. They had received inside information that this was a latent possibility, particularly in the area of Aucayacu, the check-point at Santa Lucia, and along the Tingo María – Monzón highway. Selective killings were perpetrated in Aucayacu and in the Monzón Valley, but according to the experts, these responded to vendettas against individuals accused of belonging to the intelligence services.

Perhaps the most notable incident reported in this area, was the filming of a video on December 11, 12 and 13 in the village of Azul Magdalena near the city of Aucayacu. The footage showed comrade Artemio training about 60 individuals to use long-range firearms. The video also contains threats against the central government in the sense that if it does not concede a political solution for their demands, the armed faction of Peru's Communist Party will continue with its armed struggle.

- **Situation of Common Delinquency**

Delinquents were increasingly active along the Huánuco – Tingo María – Aucayacu and Ramal de Aspuzana route in the first semester of 2006, as a consequence of the scarce Highway Patrol presence in the region. In the second semester however, this reverted as a result of the continual PNP operations carried out in the entire region, but especially along the Aucayacu-Tingo María-Aguaytía and Tingo María-Huanuco routes.

- **Situation of Narcotrafficking**

Interdiction activities undertaken by DINANDRO- Tingo María targeted maceration pits in the Monzón valley. Their action was effective in that it significantly reduced the shipments of cocaine paste via the normal routes, forcing the 'firms' to resort to other ways or exporting their drugs to avoid police control. The narcotrafficking 'firms' opted to ship out their drugs in smaller volumes, using individuals rather than groups. This was especially true for the export of drugs from Tingo María to Lima. The people transporting the drugs mainly traveled by bus; the favored bus agencies used were: Bahía Continental, León de Huanuco, Transmar and Etposa. Interdiction activities were intensified in the Yanajanca area, and targeted various towns. These operations captured suspects, confiscated narcotics, located and destroyed laboratories and maceration pits. Interdiction activities were suspended in mid-December.

## **C5. Regional Office of Aguaytía**

- **Socio-Political Situation**

No protest marches or other protest incidents fueled by the Presidential, Regional and Municipal elections were reported in the region of Aguaytía in the reporting period. PDA activities were carried out as normal.

Flavio Sanchez Moreno was elected President of the Coca Growers' Association of the Province of Padre Abad, after having lost the Municipal elections at the provincial level.

- **Subversive Situation**

In the Province of Padre Abad , remnant SL terrorists have been reduced to a very small number. No reports of agitation, propaganda or movement of armed groups have been reported. More policemen were deployed to the region and we have observed sporadic patrolling of the Armed Forces (Marines).

- **Situation of Common Delinquency**

As in the case of the region of Ucayali, the “Zero Tolerance Plan” was also set in place here, as a joint PNP – Ministry of Transport and Communications effort aimed at enforcing law and order along the highways. Their main task is to halt delinquent activities and to stop all wood, fuel and live- species trafficking, all of which are highly common illegal activities in this part of the country. The continuation of the “Police on Board” operation has been instrumental in significantly cutting-back the number of attacks targeted at interprovincial buses, as these have reduced significantly compared to the number of assaults reported last year. There were a few assaults reported in Puente Chino, Shambo and Boquerón (Aguaytía - Tingo Maria highway).

- **Situation of Narcotrafficking**

Activities related to the commercialization of cocaine paste (collecting and distributing) appear to have increased in the CPM Huipoca and Río Negro, as a result of scarce police presence in these areas. Maceration pits were destroyed and chemical substances were confiscated during sporadic PNP operations carried out during the year in the area of Huipoca (Alto and Bajo Huipoca, Puerto Huipoca, Puerto Aguijas, Diana and Guacamayo).

## **C6. Regional Office of Tocache**

- **Socio-Political Situation**

During the first semester of the reporting year, the communities were strongly anti-PDA and also opposed the authorities who supported the post-eradication activities designed to benefit the affected communities. Fighting between CORAH's security force and Sion community members resulted in 36 civilians being injured and the suspension of forced eradication activities in the area.

On October 25, three PDA workers were attacked by PDA opponents in the community of Tiesto, District of Tocache. They were stripped of their belongings and the vehicle in which they were traveling also suffered damage.

CORAH resumed its eradication activities but they met with opposition from the local inhabitants who were organized and waiting to attack them. At the beginning of 2007, CORAH resumed activities in the northern part of Tocache (in Tananta) and this mildly destabilized the area. There were a number of marches and protests encouraged by Congresswoman Nancy Obregón and the Andean Parliament Member, Elsa Malpartida. Things returned to normal after the signing of the Acta de Tocache on March 15, 2007.

Heavy rainfall affected the area at the beginning of November, causing landslides on the road running between Tocache and Ramal de Aspuzana. The rains continued relentlessly and by the end of December the Huallaga river flooded a number of areas in the Province of Tocache, causing people to lose their homes, materials, animals and crops. A state of emergency was declared.

- **Subversive Situation**

There was a continual flow of information reporting the presence of a group of fifteen SL terrorists, including one woman, who met with people living in the communities of Alto Uchiza, Alto Colombia, San Pedro, Buenos Aires and other nearby villages. There is absolutely no police presence in this area. At the end of October, firearms, ammunition, radios and other supplies were recovered in a place known as “Tigrillo” in the CPM of Santa Cruz, District of Progreso.

- **Situation of Common Delinquency**

The rate of delinquency dropped considerably in the city of Tocache, mainly as a result of an increased number of police deployed in the area. Unfortunately however, highway robbery has not been eliminated altogether since the assailants seem to have moved to the FBT highway, specifically to the stretch running between Tocache and Tingo Maria and along the Tocache-Juanjui route, in a place known as “la Curva del Diablo.” Cases of rape have also been reported.

Extrajudicial executions occur occasionally and are not reported to the Police. It would appear that most of these executions are related to delinquent/narcotraffickers vendettas. A CORAH worker was killed while carrying out his eradication work in the community of Jose Carlos Mariategui and another worker was no longer able to continue working after receiving considerable injuries when he stepped on a land mine in the village of 15 de Junio.

- **Situation of Narcotrafficking**

Narcotrafficking is most prevalent in the district of Pólvora, in Pizana and Santa Rosa de Mishollo. From there the drug is taken to Juanjui and Tarapoto, despite CORAH’s efforts to destroy all maceration pits detected in the area.

#### **D. Lessons Learned**

- Improving and maintaining good communications among the different work areas within the project team requires constant attention.
- It is important to follow-up on complaints and claims made by communities affiliated with the program in order to improve the security processes.
- Close relationships with the authorities and farmers in the communities must be established in order to obtain relevant information and thus ensure better security.
- PDA staff's field activities should be closely coordinated to reduce any chance of security risk.
- Security efforts transcend the limits of the Regional Offices which means that we must coordinate security on an inter-office basis. This is the only way that we will be able to reinforce security while our workers are traveling to and working in the field.

#### **E. Work Plan**

- Permanently review and update the security Action Plans in order to respond effectively to any situation of risk in each of the regional offices.
- Visit the Regional Offices regularly to collect information, and review and correct PDA policies and norms on security.
- Train PDA workers on the new procedures and security policies in line with the Emergency Plan.
- Carry out more frequent interviews with our sources of information living in the critical areas (Tingo Maria, Tocache and Aguaytia), with the objective of updating information related to situations and to issue opportune recommendations for decision-making.

#### **F. Recommendations**

- Coordinate security activities internally and with other USAID partners to more effectively execute security plans.
- Share information on regional situations with other USAID partners to improve the decision-making process for PDA activities.
- Carry out regular security workshops with the participation of security coordinators of the regional offices to exchange experiences and improve field and city security activities.

## **G. Constraints**

- Lack of initiative on the part of the Peruvian State (PNP and Armed Forces) to create a secure environment in certain parts of the regions (areas with prevailing SL presence) for the effective performance of PDA activities.

## **H. Next Steps**

- Reinforce the communications network in the regional offices in order to obtain quick, direct and accurate information.
- Carry out frequent visits and inspections to regional offices, so as to make the necessary adjustments.

## **Outlook for the Future**

- The execution of PDA's Strategic Plan still hinges upon Sendero Luminoso changing its anti-Chemonics International sentiment, which also affects local PDA workers. It all depends on whether the present scenario continues. As we see it, it will only be feasible for us to continue our work if the State of Emergency continues to be effective in the region so that the Huallaga Police Front and the PNP can continue to hunt down the main Sendero leader who still runs free. If the State of Emergency is eventually lifted, interdiction and drug control activities must be kept up, regularly and forcefully.
- The lack of presence of the State in distant and isolated places makes it easy for SL to reorganize its internal structures. This restricts the development of PDA activities and its capacity to fulfill the commitments assumed during 2005-2006. In this respect, the outlook for PDA staff for the upcoming months is characterized by insecurity.
- PDA's timely compliance with promises and projects, particularly with respect to the post-eradication stage in Tocache and the other regions, is bound to result in a higher level of security for PDA's field workers.

## **CHAPTER 2: VOLUNTARY ERADICATION ACTIVITIES**

### **I. Introduction**

The intervention strategy implemented for the communities pre-selected for the 2006-2007 Plan, contributed towards improving the level of involvement not only of the communities but also of the local governments. Main activities included:

- Community identification based on the use of community cards (fichas comunitarias).
- Information meetings oriented toward Regional Authorities and Local Governments at provincial and district levels.
- Visits to the communities to inform the authorities and the local population on the work and scope of the PDA.
- Obtaining CADA letters for coca measurement.
- Signing Framework Agreements.
- Coca crop eradication.

The Voluntary Eradication component incorporated more communities and families into the program that eradicated their illegal coca crops as a first step towards changing their lifestyle and adopting a legal way of life. Subsequent efforts contemplate building a long-term development process that will enable them to gradually move towards sustainable development.

### **II. Quarterly Activities During the Reporting Year**

#### **April- June 2006**

During this quarter, the Voluntary Eradication division focused its activities on coca crop measurement, community negotiation and coca crop eradication. Regional office staff and personnel from the office in Lima visited and held work meetings with local authorities and community members. This direct contact with the local inhabitants was highly beneficial as it helped to meet the annual negotiation and coca reduction goals.

#### **July – September 2006**

We continued to hold sensitization meetings in communities with the aim of getting them to agree to and sign coca measurement letters. PDA staff were verbally attacked by anti-PDA candidates running for regional and municipal government positions during the reporting quarter. Despite these adverse conditions, a number of new families and communities joined the program.

#### **October - December 2006**

Greater emphasis was given to coca crop eradication, and this required our PDA facilitator agents and CADA brigades to remain in the communities for longer periods of time.

#### **January – March 2007**

Community information cards were prepared so as to determine whether or not it was feasible for us to enter each community. After visiting the communities to obtain the respective coca crop measurement letters, the Regional Offices adjusted the list of potential candidate communities. Areas with non-declared coca-crops were also visited in an effort to persuade them to reduce their coca crops.

### **III. Quarterly breakdown of the progress made with respect to coca crop reduction**

#### **April- June 2006**

##### **1. Strengthening the Voluntary Eradication message among community members and authorities**

A series of informative meetings were held to explain PDA's new strategy to the different community members and local authorities. The new strategy includes:

- Payment of wages for voluntary eradication of hectares of coca crops (0-100 dollars per household head.)
- Infrastructure projects are to be a joint municipality/local inhabitant effort.
- Eradication means eradicating 100% of illegal coca crops in the communities.
- The bulk of investment should be directed at economic activities.

##### **2. Sensitization process and signing of framework agreements.**

Despite the prevailing climate of pre-electoral social unrest (national elections), the information meetings held with 90 authorities and sensitization talks given to 31 communities resulted in all 31 communities giving their consent to coca-crop measurement and the signing of 27 frame agreements. This resulted in the voluntary eradication of 1,085 hectares of illegal coca crops and the procurement of 3,753 new beneficiary families.

#### **July – September 2006**

##### **1. Sensitization process and signing of framework agreements**

Informative meetings were held with 251 authorities while 81 communities received sensitization talks. Thanks to the support given by these authorities (municipal officers, deputy governors, community heads and leaders) in their respective communities, we were able to procure 81 measurement letters and the subsequent signing of 55 frame agreements. This resulted in the voluntary eradication of 283 hectares of illegal coca crops and the procurement of 5,174 new beneficiary families.

#### **October - December 2006**

##### **1. Sensitization process and signing of framework agreements**

Informative meetings with 90 authorities (municipal officers and deputy governors) and sensitization talks given to 60 communities resulted in the procurement of 45 coca-crop measurement letters and the signing of 20 framework agreements. This resulted in the voluntary eradication of 1,036 hectares of illegal coca crops and the procurement of 4,073 new beneficiary families.

#### **January – March 2007**

##### **1. Sensitization process and signing of framework agreements**

Informative meetings were held with the new municipal authorities to explain the work of PDA's Voluntary Eradication component. These meetings were instrumental in changing the way in which a good number of authorities perceived the PDA.

Informative meetings were also held with 170 local authorities and sensitization talks were given to 85 communities. A total of 85 coca-crop measurement letters were

obtained during this quarter and 20 more framework agreements were signed. This resulted in the voluntary eradication of 312 hectares of illegal coca crops and the procurement of 1,076 new beneficiary families.

## 2. Payment of wages

The wage established for voluntary eradication in most of the communities in San Martin was S/. 80 per household head; the remaining balance (S/. 240) was directed at improving the condition of the farm (pruning crops, weeding, etc.)

## IV. Management summary

### THE QUARTERLY BREAKDOWN OF THE PROGRESS MADE WITH RESPECT TO COCA CROP REDUCTION

**ANNUAL PERIOD: APRIL 2006 – MARCH 2007**

INDICATORS	Q2 2006	Q3 2006	Q4 2006	Q1 2007	TOTAL
Meetings with Communities	31	81	60	85	<b>257</b>
Meetings with Authorities	90	251	90	170	<b>601</b>
CADA letters	31	81	45	85	<b>242</b>
Framework Agreements	27	55	20	20	<b>108</b>
Coca-crop reduction (hectares)	934	439	1,036	312	<b>2,716</b>
Signatory families	3,753	5,174	4,073	1,076	<b>14,076</b>

## V. Lessons Learned

- Local government participation in the Voluntary Eradication informative processes heightened the degree of trust by the local inhabitants with respect to the commitments assumed by the PDA and the community.
- Intra-family (parents and children) discussion would appear to favor adherence to the program. In this connection, the mother plays an important role as it is usually she who is more favorable toward joining the program.
- Cross checking the community rosters with those of schools, the health promoter, mother's clubs and other organizations helps detect any non-community members. This purging process also helps the local inhabitants to check and reassess their own rosters.
- Farmers are willing to accept directing greater investment in productive activities (annual and seasonal crops).
- The people need to attend various information meetings before making any decision to join the program.
- The "political" messages opposing the program can often be reversed once the farmers experience first-hand the results as well as by seeing results in nearby communities. Visits to these communities are often a useful sensitization strategy.

- Accompanying the CADA brigades in their measurement activities allows clear identification of who is the real owner of each lot.
- Farmers who actively work large coca-crops areas, (more than 2 hectares per family), seem to gain stronger support from the other community members.

## **VI. Recommendations**

### **1. At the community level**

- Hold frequent meetings so as to jointly develop the communities' vision for development, identify their main problems and discuss possible solutions.
- Explain that the PDA is merely a support organization; the main responsibility lies in the hands of the communities themselves and in their local governments.
- Support the presence of local governments in the communities.

### **2. At coca reduction level**

- The participation of 100% of Frame Agreement or Addenda signatories should be required and they should have the tools to guarantee that the coca plants are effectively and totally uprooted.
- Maintain an adequate number of CADA brigades so as to accelerate the auto-eradication verification process of all coca crops detected and measured in each community.

### **3. At the beneficiary level**

- Hold meetings with 'exemplary' families so that they can give testimony of their change to a legal way of life and thus serve as a model to help incorporate new families
- Encourage farmers to share their experiences
- Continue CADA and PDA cooperation to expedite measurement and verification processes
- Prevent farmers from sub dividing their plots of land. This requires the authorities and the facilitator agents to identify those farmers controlling the largest coca fields and to monitor them constantly by measuring their coca crops.
- Explain to authorities and local inhabitants that, by allowing farmers who are not community members to grow coca in the jurisdiction of their communities, they are running the risk of losing PDA support.

## **LOCAL DEVELOPMENT**

### **I. Introduction**

During this contract year, PDA's Local Development component directed its efforts to consolidate the bases for sustainable development to be achieved through participation and negotiation with the various social players at both community and district level, particularly with the people and their leaders, local governments, representatives of public and private institutions, regional government officers and other USAID operators.

Activities were designed to foster community participation, the leadership role of municipalities, community empowerment and the active participation of local inhabitants and municipalities in the performance of the activities agreed upon under the framework agreements. Local Development coordinators and facilitator agents assigned to PDA's Regional Offices are permanently present in the field to accompany the community members during these development processes and make it easier for them.

This section of the report will detail the major objectives of the Local Development area and the principal achievements. Following this general description, the activities during each quarter will be outlined.

## **II. Management summary**

The Local Development component is composed of six major objectives that seek i) to strengthen the links between local governments and their constituencies, ii) to forge stronger community organizations, iii) to facilitate the intervention of the array of State organizations and other USAID partners in PDA areas, and iv) to utilize these actors to help foment the sustainability of PDA projects in coca valleys.

**Specific Objective 01:** To ensure the participation of inhabitants, leaders and local authorities in the implementation of PDA committed works/projects under the Framework Agreements (support to community management).

### **Main achievements:**

- Procured financing of approximately S/. 482,000 by communities through community work projects. This contribution represented 32,000 day wages. The main achievement in this respect is that the community members and their authorities are now accepting an active involvement from the very beginning of a given project.
- A total of 650 communities have been informed on the progress made by PDA with respect to its commitments under the Framework Agreements. This has boosted the peoples' degree of trust and reliability in PDA and this in turn has led to a reduction in the number of unjustified claims that the program is not delivering on its commitments.
- A total of 396 Work Maintenance Committees were formed with the aim of transferring the responsibility of providing proper maintenance and correct use for all completed projects to the communities. The main Committees are responsible for: Maintenance for Potable Water Systems (PWS), roads, schools, health posts etc.
- Local authorities and community leaders who were among the more than 6,000 participants, received 297 sensitization talks to persuade them to change their lifestyles and opt for a legal economy in which more than 6,000 community members participate.

**Specific Objective 02:** To secure the participation of producer associations to ensure the sustainability of PDA's Economic Activities (strengthening producer associations).

### **Main achievements:**

- Identification of producer associations that show enough potential for contributing towards the sustainability of PDA-supported community investment.
- Situational participation diagnosis completed for 19 producer organizations as a basis on which to formulate their strengthening and organizational development plans.

**Specific Objective 03:** To involve the municipalities in the implementation of PDA-supported activities in communities that signed the Frame Agreement/Letter of Understanding (support for local governments).

**Main achievements:**

- 30 local governments were trained in the use of SIAF. This was a joint PDA-PRODES- Ministry of Economy and Finance (MEF) effort.
- 12 municipal officers were trained on the use of SNIP. This has helped some municipalities to have the necessary tools to prepare their own Project Technical Cards in line with SNIP guidelines.
- Direct involvement of municipalities for project execution through the contribution of S/. 630,000 as co-financing.

**Specific Objective 04:** To help facilitate State presence of the Health, Education, Agriculture, MIMDES and other sectors as well as the private sector in the communities and districts comprised within PDA's intervention areas (State platform of services/opportunities for the private sector).

**Main achievements:**

- Involvement of the Health and Education sectors in the different sensitization talks on the importance of consuming safe water and maintaining the PWS.
- Coordinating PDA activities among private enterprises who work in the area and producer organizations, so as to attract and consolidate the presence of the private sector, in particular companies engaged in producing cacao, coffee, hearts of palm and oil palms.

**Specific Objective 05:** Facilitate the activities being carried out by other USAID contractors and by other Alternative Development operators working in PDA signatory communities (coordinating work with USAID contractors and Alternative Development operators).

**Main achievements:**

- USAID operators, particularly APRENDES, CEDRO, PRODES and MSH focused their activities on PDA-signatory communities and/or districts.
- The communities identify all of the operators as allied institutions that form part of the alternative development strategy.
- It is important to work together with certain specific organizations for specific activities, i.e. work with MSH for PWS sustainability; with PRODES for strengthening local governments; with CEDRO in the development of leadership qualities with young people and drug abuse prevention; with APRENDES to improve the quality of education.

**Specific Objective 06:** Guarantee Potable Water System (PWS) sustainability.

**Main achievements:**

- Rehabilitation of the PWS together with community members, municipalities and Health and Education sectors.
- Sensitization talks given to over 1,000 inhabitants, for the care of the PWS and on the importance of consuming safe water.
- Formation and reorganization of some of the already existing Committees to ensure that they have the capabilities to adequately manage the PWS.
- Transferring of 46 PWS to the municipalities so that the Local Governments take over the responsibility for their use and maintenance.
- Organization of 35 communal work projects to rehabilitate and improve the PWS.

**III. Summary of Activities by Quarter**

**Activities in 2006**

**April- June 2006**

Initial contact was made with local inhabitants and authorities to explain the development proposal and general scope, and to identify the best way to integrate the Local Development activities into the community and district-scale dynamics. We also informed them on the roles that the communities and municipalities should assume to develop the area. This new message calling for community responsibility and co-participation led us to hold ongoing meetings with the communities, to reverse the passive role that they have been accustomed to play to date with respect to their development as communities and to get them to assume more responsibility for their future.

**July – September 2006**

Informative meetings with communities were continued while coordinating our work with other USAID operators. During the reporting Quarter, we mobilized community members so that they could take part in the execution of the projects by contributing with labor. Meetings were also held with Municipality officers to persuade them to co-finance some of the projects.

**October - December 2006**

The plan for the sustainability of the Potable Water Systems (PWS) was set in place. This required the involvement of State institutions (Health, Education, Municipalities) to support us in teaching the people to improve, repair and correctly use the PWS.

We continued visiting the communities to inform the people on the progress made by the PDA. These on-site community meetings gave us the chance to listen to their particular concerns, and relay them on to the corresponding PDA component.

#### IV. Activities during January – March 2007

New regional and local-scale authorities came into office following the Municipal elections held in November 2006. The Local Development team organized a series of informative activities to inform the new authorities on the work being carried out by the PDA. Many of them were seemingly opposed to the PDA's proposed development plan, but this was to a great extent because they were misinformed. In this sense, our efforts focused on describing the PDA's objectives, goals and work strategy to gain their acceptance. The informative visits to the communities were conducted successfully.

During the first quarter of 2007, we coordinated with PRODES's Local Technical Teams to establish the nature of the Municipalities' support for the correct use of the Integrated Financial Administration System (Sistema Integrado de Administración Financiera SIAF), providing training on the use of the SNIP (Sistema Nacional de Inversión Pública) and for drafting Participatory Budgets.

The work program for the remainder of 2007 was also planned during this quarter.

Below is a table illustrating the cumulative achievements of the Local Development:

#### QUARTERLY BREAKDOWN OF THE PROGRESS MADE BY LOCAL DEVELOPMENT June 06 – March 07 Period

INDICATORS	Year 2006			Year 2007	Total
	April-June	July - September	October - December	Jan-March	
Informative cards to communities	700	507	515	335	<b>2,027</b>
Information cards to municipalities	40	41	63	62	<b>206</b>
Community contribution S/.	190,000	70,000	170,000	52,000	<b>482,000</b>
Municipal contribution S/.	460,000	117,000	2,000	51,000	<b>630,000</b>
Sensitization talks	51	91	110	45	<b>297</b>
Formation of Committees	146	125	120	5	<b>396</b>
PWS training workshops	0	40	15	0	<b>55</b>
PWS community work projects	0	35	20	30	<b>75</b>

Note: The communities and municipalities received a number of cards during the reporting period

#### IV. Lessons Learned:

- Continual accompaniment by Local Development staff to the communities encourages the latter to become actively involved in the sustainable development process, and also gives us a chance to listen to their concerns and answer any doubts.
- The local governments are keen to assume a leadership role in their communities' development processes but are restrained by technical and financial limitations at

the time of implementing some of the activities. After identifying and discussing this situation, it was decided that the best way to overcome this situation would be to assist them with training and/or counsel.

- Our direct action in the provision of technical assistance, training, and specialized technical assistance on the use of the SIAF and SNIP, contributes to improve the technical capabilities of the local governments.
- USAID operators have gradually become more proactive and have understood the need to work together as one in the communities, and at district and regional level in PDA's intervention areas.
- The Health and Education sectors, among other regional entities, have been very cooperative and are willing to work with the PDA but require going through the official State bureaucracy to do so.
- The Work Maintenance Committees function when they can count on municipal support, especially in the case of those Committees responsible for the maintenance of vulnerable projects such as PWS and roads.
- The information meetings provide an opportunity for dialogue through which residents can propose initiatives to improve the implementation of PDA activities.
- PDA training and intervention efforts in the activities that it promotes are more sustainable when it manages to involve family units from the initial planning stage. In this context, there is a high demand for attending the initiatives of young people and women.
- The municipalities and community members are willing to co-finance the implementation of some of PDA's projects provided they have been previously agreed upon and consented to.

## **V. Recommendations**

- Launch an aggressive negotiation process with local governments to take part in the process for preparing the development plans and participatory budgets that have been agreed upon at district level.
- Continue visits to communities, to help them understand that the development process requires their active involvement, and that of their leaders and community organizations, local and regional government, and the public and private sectors in the area.
- Strengthen the capabilities of communal leaders and authorities with the support of other State institutions.
- Reinforce the administration of the local governments working with the PDA.
- Develop activities directed at women, young people and native community populations, including complementary activities designed to strengthen community development.
- Sign cooperative agreements with public institutions so that these may become involved in PDA-promoted activities that are related to their line of work.
- Continue working in a coordinated fashion with all of the operators working with USAID, DEVIDA, Regional Government and the platform of services offered by the Peruvian State.

## **INFRASTRUCTURE**

## Introduction

The objective of the infrastructure component is to provide communities that have signed PDA framework agreements with infrastructure projects that:

- Improve the social and economic conditions of beneficiary populations.
- Generate employment by utilizing construction firms in the coca areas for the design, evaluation, execution and/or supervision of projects.
- Provide temporary income in beneficiary communities through labor requirements associated with the construction of the infrastructure works.
- Increase the linkages between local, regional and national producers from the respective coca basins.
- Increase beneficiary community access to local markets by way of improved road and bridge infrastructure.
- Help increase the quality of life of beneficiary populations and integrate their communities into processes of social and economic development by way of basic social services (potable water, roads, electrification).
- Improve local governance by way of strategic alliances with local governments resulting from construction grants awarded to municipalities.
- Strengthen State presence through interinstitutional cooperation agreements, so as to prioritize their intervention and co-finance basic and economic works of social infrastructure for the benefit of PDA-supported communities.
- Increase household income in beneficiary communities through sustainable economic activities.
- Strengthen the institutional capacity of community organizations.
- Through a spill-over effect from participating communities, increase “buy-in” and as a result broaden program impact.
- Sensitize communities to promote sustainable use of natural resources

## Principal Activities

The infrastructure component is guided by overarching PDA objectives and by commitments derived from community-level voluntary eradication framework agreements. Infrastructure activities during the April 2006 – March 2007 period centered around:

- Development of guiding technical principles
- Improving internal processes
- Technical oversight and evaluation of project design
- Oversight and monitoring of technical field staff.
- Supervision of construction of infrastructure projects.
- Transfer of completed infrastructure projects to beneficiaries (line ministries, local governments, communities).
- Holding coordination meetings with other entities engaged in Health and Education, with Electrification Concession Companies and USAID subcontractors such as Management Sciences for Health (MSH), to guarantee the sustainability of the investment in infrastructure.
- Strengthening the participation of the central government, local governments and PDA signatory communities in project financing.

- Implementing the strategy to guarantee the sustainability of potable water systems (PWS).

The project transference process merits special mention granted that it has been a pioneering process in with both the Health and Education as well as over 50 municipalities and has been successful in:

- Ensuring that these infrastructure projects are operational and are given the necessary maintenance as they have been officially incorporated to form part of the entities/institutions' assets.
- Guaranteeing PWS sustainability.
- Strengthening the State (line ministries and DEVIDA), local government and communities' relationships through the establishment of open communication channels. This will undoubtedly serve as a basis on which to build future activities to benefit the communities and legitimize the presence of the local governments.
- Co-financing comprised of direct municipal investment as well as community support by skilled and unskilled labor contributions have been a central support mechanism to facilitate the transfer process. This contribution coupled with the local government's newly acquired responsibility (transferred to them by the PDA) to take charge of the execution of these projects, has reinforced the peoples' sense of ownership.
- The alliance between MSH and the PDA in the strategy for PWS sustainability is based on the fact that improved sanitation practices in the families (as a result of improved infrastructure) contributes to increase the standard of living of the population because it has a direct positive impact on overall health.

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, and overall improvement in living conditions, among other benefits. Through a spread effect, the infrastructure component is able to increase "buy-in" thereby broadening program impact.

#### **Quarter 1: April – June 2006**

The process to transfer completed projects to the municipalities was started in the April-June 2006 quarter.. The documents required to transfer completed works of infrastructure to the Education and Health Sectors were also drawn up and approved. A final agreement was made with the Hormiga community, in connection with the completion of the Infrastructure component's commitments that are still pending. All of the projects started this quarter have been formulated based on the assumption that they will be executed by the Local Governments as part of the institutional strengthening effort. They also involve third party financing (other, non-PDA financing) and community participation for the execution of these projects, which is to be contributed through non skilled labor. Additionally, 7 construction contracts associated with R-379 and R-217 commitments were awarded. At the end of the period, 36 projects remained in the pre-implementation phase (undergoing project design).

#### **Quarter 2: July – September 2006**

As of the end of this Quarter, a total of 183 works of infrastructure had been transferred to the municipalities. The Infrastructure component also implemented the operation and maintenance programs during this time. Activities were focused on monitoring and supervision as we had a good number of projects that are still at the execution stage (108). Finally, 55 works entered into the pre-implementation stage and 10 new construction contracts were awarded.

### Quarter 3: October – December 2006

As of the end of this Quarter, a total of 223 works of infrastructure had been transferred to the Municipalities. Efforts were focused on monitoring, designing and supervision, due to the intervention commitments in R-217 and R-108 communities. An interinstitutional cooperation agreement was signed on November 11, 2006 with the ‘A Trabajar Urbano’ program. This brought about the execution of 4 projects in the Department of San Martín. Finally, the Infrastructure component took part in 10 projects which form part of the Post-Eradication intervention program.

### Quarter 4: January – March 2007

Project execution experienced a slight slow-down this Quarter as there was a change of local authorities (following District and Provincial-scale elections). The pace picked-up speed again towards the end of the Quarter. The sustainability strategy for the PDA-built PWS was started during this Quarter. This work is currently being carried out in coordination with the Local Development component, which is responsible for directing the process, and MSH. By the end of the Quarter, 237 infrastructure projects had been transferred to the Municipalities; 103 (out of a total of 112 projects) to the Education sector, and 7 (out of a total of 14 projects) to the Health sector. This required us to hold a series of meetings with the Finance component to give financial closure to any pending projects. We also visited the Municipalities that had not submitted their Council Agreements (*Acuerdos de Concejo*), which are necessary for transferring the ownership titles.

### Successes

Levels of project activity were relatively high, considering that it took time for communities to accept new practices such as assuming partial responsibilities in financing and labor.

The table below shows local government, community and PDA contributions:

OFICINA REGIONAL	MONTO FINANCIADO POR APORTANTE				TOTAL OBRA
	PDA	COMUNIDAD	DONATARIO	OTROS	
UCAYALI	1,732,312.21	37,316.11	62,676.08	0.00	1,832,304.40
TINGO MARIA	43,414.47	0.00	0.00	0.00	43,414.47
AGUAYTIA	1,401,913.24	35,559.45	28,766.47	0.00	1,466,239.16
TOCACHE	2,398,703.13	39,923.50	92,355.84	0.00	2,530,982.47
SAN MARTIN	4,062,338.95	864,354.23	614,594.67	102,324.69	5,643,612.54
Totales	9,638,682.00	977,153.29	798,393.06	102,324.69	11,516,553.04
%	84%	8%	7%	1%	100%

Source: PDA's Information System.

Note: Since this information was not presented in previous reports, this table shows the data accumulated to date.

- It is important to emphasize that the approach of working municipalities and procuring co-financing fosters a stronger sense of ownership on the part of the community and this in turn, foments the structures for future maintenance and operation of the projects.
- 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 municipal governments throughout PDA areas of intervention. Agreements were signed with 28 municipal governments, and 09 private contractors.
- Considerable increase in access to local markets (roads and bridges); significant provision of absent basic infrastructure (electricity and water) in participating communities:

Project Type	Initiated during Year	Completed During Year
Roads	94.4 kilometers	40 kilometers
Bridges	2	5
Power (Electrification)	8 grids	2 grids
Water	16 systems	3 systems

Substantial improvement in access to social services in participating communities:

Project Type	Initiated during Year	Completed During Year
Schools	46 classrooms	39 classrooms
Health Posts	1 post	3 posts
Community Centers	22 units	14 units
Productive Infrastructure	7 units	6 units

## ECONOMIC ACTIVITIES

## Executive Summary

During the reporting period the Economic Activities component centered its efforts on three key activities, which deepened previous using the experience. These included:

- 1) Attending both community beneficiaries and those under the new R-108 and Plan 2007 strategies;
- 2) Improving the standard of technical assistance by increasing the number of technicians per hectare and also by training selected technicians and staff posted at the regional offices to carry out the “Field Schools.” This has proved to be an efficient means of teaching local farmers to use better farming methods and technology and they are very keen to participate.
- 3) Strengthening association-farmer-PDA ties. This is being done by linking farmers with producer associations, so that the latter can encourage farmers to take part in events such as coffee and cacao competitions, and attract and incorporate new members into the producer associations so that they can benefit from selling to new and secure markets, among others.

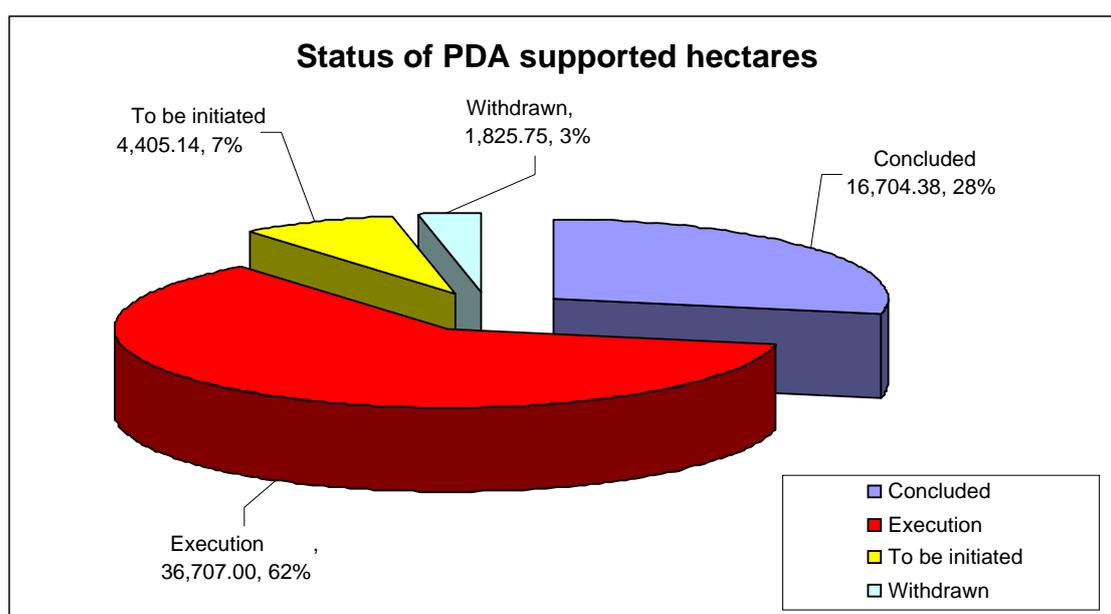
In this context, the PDA is currently supporting signatory communities with 59,642.27 hectares of farmland producing a variety of crops which directly benefiting approximately 48,266 families. A total of 3,226 productive modules have also received PDA support, benefiting 3,467 families. Table 1 below shows the different crops being produced and their respective status to date. The definitions are as follows: **Concluded** means that the project has been concluded and no longer receives technical assistance. These projects account for 16,704.38 ha and 11,357 families, which in turn represents 28% of the total number of hectares established for the program. The term **Execution** refers to those projects that are still in the process of execution and/or still receive technical assistance. These account for 36,707 has. and 31,997 families which translate into 61.55% of the total number of hectares established for the program. **To be initiated** refers to projects which have been approved and for which funds have been budgeted and are to be initiated in the short term. Projects to be initiated represent a mere 7.39%, and pertain principally to Plan 2007. There was also a small group of farmers who have withdrawn from the program, which represent 3.06% of total hectares (see Table 1 below).

**Table 1: Project status by crop**

Product Description	Concluded		Execution		To be initiated		Withdrawn		Grand Total	
	Has	Families	Has	Families	Has	Families	Has	Families	Has	Families
Cotton	5582	3614	1430	1430					7012	5044
Rice	689	689	128	117	66	36			883	842
Cacao	615.25	537	24,552.25	21950	2875.5	2235	1233.5	876	29276.5	25598
Coffee	232.00	232	4,652.75	4471	876	810	592.25	464	6353	5977
Sugar cane					13	13			13	13
Citric fruits			283.00	337	3.5	5			286.5	342
Beans	21.00	21			15	12			36	33
Corn	2,059.00	1955	103.50	103	39	22			2201.5	2080
Peanuts	275.75	304							275.75	304
Soil improvement	2.00	2			62	31			64	33
Camu Camu	59.75	57							59.75	57
Oil palm	1,335.00	267	2,296.00	937	113.76	63			3744.76	1267
Hearts of palm	91.00	91	600.00	594	150	150			841	835
Papaya	22.00	22	29.50	29	2	2			53.5	53
Grasses	4,567.00	2294	2,053.50	1607	176.5	153			6797	4054
Pepper			16.00	16					16	16
Pineapple	69.13	202	1.50	11	4.88	32			75.505	245
Bananas	1,084.50	1070	561.00	395	8	8			1653.5	1473
Small animals*			129*	76	30*	30			159*	106
Depulper*					22*	22			22*	22
Cattle raising*			374*	374	259*	259			633*	633
Home gardens *			46*	92					46*	92
Crates of pineapple*			10*	10					10*	10
Bird module*			537*	532	263*	234			800*	766
Guinea pig module*			182*	182					182*	182
Cacao modules *			410*	410					410*	410
Coffee modules *			271*	271					271*	271
Fish farming module*			26*	26	95*	132			121*	158
Pig farming module*			106*	106	161*	161			267*	267
Cattle module*			25*	25	274*	272			299*	297
Grain mill *	1*	64							1*	64
Rice mill*	3*	143	1*	28					4*	171
Pineapple seedbeds*			1*	18					1*	18
	<b>16,704.38</b>	<b>11,564</b>	<b>36,707.00</b>	<b>34,147</b>	<b>4,405.14</b>	<b>4,682</b>	<b>1,825.75</b>	<b>1,340</b>	<b>59,642.27</b>	<b>51,733</b>

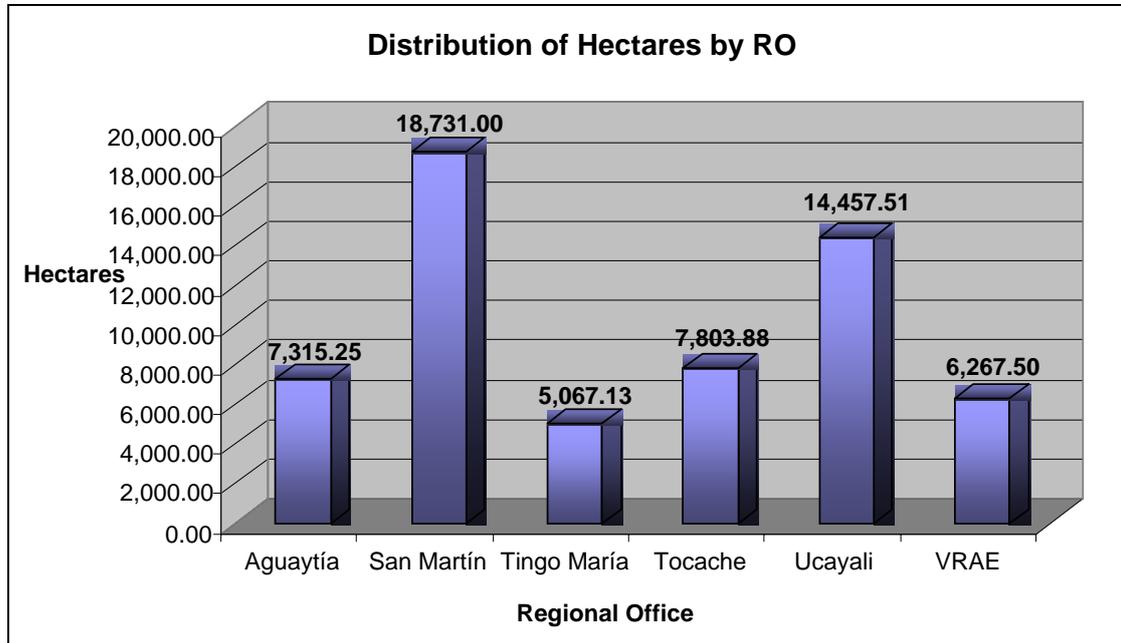
\* Not expressed in number of hectares

**Graph 1: Status of PDA-supported hectares**



## Distribution of Hectares by Regional Office

The PDA has 6 Regional Offices that are responsible for 59,642.27 hectares and 48,266 families. Hectares are distributed as follows:



### Aguaytía Regional Office

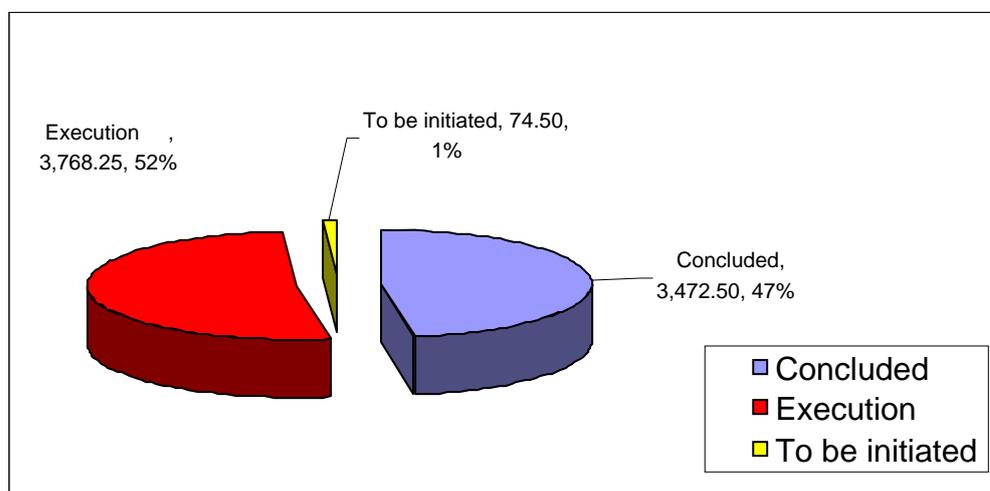
This Regional Office was officially established as such only two months ago, mainly as a means of bridging the distance between the communities located in the more remote areas of Aguaytía and PDA staff posted in the former Tingo María – Aguaytía Regional Office. The establishment of this Regional Office has resulted in improved project monitoring and closer supervision with respect to the implementation of the new strategies. As shown by Table 2, 5,650.75 has. (77.25%) are R-379 communities, 230.50 has. (3.15%) are R-217 communities, 1,359.50 has. are R-108 (18.58%) communities and only 1.02% are communities contemplated under Plan 2007. Overall, 3,472.50 has. correspond to concluded projects, 2,408.75 correspond to projects under execution and only 74.50 has. correspond to projects still to be initiated, and are included in Plan 2007 (1.02 %) of total hectares.

**Table 2: Agronomic status by crop – Aguaytía Regional Office**

Regional Office	Product description	Concluded		Execution		To be initiated		Grand Total	
		Has	Families	Has	Families	Has	Families	Has	Families
Aguaytía R-379	Cacao			1,126.25	1020			1,126.25	1020
	Coffee			593.50	615			593.50	615
	Camu Camu	59.75	57					59.75	57
	Oil palm	1,335.00	267	18.00	18			1,353.00	285
	Hearts of palm	91.00	91	21.00	21			112.00	112
	Grasses	1,146.00	477	227.50	110			1,373.50	587
	Pineapple	66.75	183					66.75	183
	Bananas	774.00	695	192.00	157			966.00	852
	Rice mill *	2*	73					2*	73
<b>Sub Total R-379</b>	<b>3,472.50</b>	<b>1,843</b>	<b>2,178.25</b>	<b>1,941</b>	<b>0.00</b>	<b>0</b>	<b>5,650.75</b>	<b>3784</b>	
Aguaytía R-217	Cacao			23.5	15			23.50	15
	Coffee			14	14			14.00	14
	Oil palm			64	34			64.00	34
	Hearts of palm			4	4			4.00	4
	Grasses			121.5	61			121.50	61
	Pineapple			0.5	4			0.50	4
	Bananas			3	3			3.00	3
	Pineapple seedbeds*			1*	18			1*	18
<b>Sub Total R-217</b>	<b>0.00</b>	<b>0</b>	<b>230.50</b>	<b>153</b>	<b>0.00</b>	<b>0</b>	<b>230.50</b>	<b>153</b>	
Aguaytía R-108	Oil palm			784.00	172			784.00	172
	Hearts of palm			14.00	8			14.00	8
	Cacao			121.00	63			121.00	63
	Coffee			17	17			17.00	17
	Papaya			29.50	29			29.50	29
	Grasses			121.50	53			121.50	53
	Pineapple			1.00	7			1.00	7
	Bananas			271.50	132			271.50	132
	Crates of pineapple *			10*	10			10*	10
	Rice mill *			1*	28			1*	28
	Small animals*			129*	76			129*	76
<b>Sub Total</b>	<b>0.00</b>	<b>0</b>	<b>1,359.50</b>	<b>595</b>	<b>0.00</b>	<b>0</b>	<b>1,359.50</b>	<b>595</b>	
Aguaytía P-2007	Bananas					8	8	8.00	8
	Grasses					3	3	3.00	3
	Pineapple					1.5	5	1.50	5
	Cacao					40	26	40.00	26
	Oil palm					20	4	20.00	4
	Papaya					2	2	2.00	2
	Small animals*					4*	4	4*	4
	Cattle module*					15*	15	15*	15
<b>Sub Total P - 2006</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>74.50</b>	<b>67</b>	<b>74.50</b>	<b>67</b>	
AE reinforcement	Coffee modules*			45*	45			45*	45
	Cattle module*					25*	25	25*	25
<b>Sub Total RAE</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>45</b>	<b>0.00</b>	<b>25</b>	<b>0.00</b>	<b>70</b>	
<b>Total Aguaytía</b>	<b>3,472.50</b>	<b>1,843</b>	<b>3,768.25</b>	<b>2,734</b>	<b>74.50</b>	<b>92</b>	<b>7,315.25</b>	<b>4,669</b>	

\* Not expressed in number of hectares

**Graph 2: Project status in terms of hectares – Aguaytía Regional Office**



## San Martin Regional Office

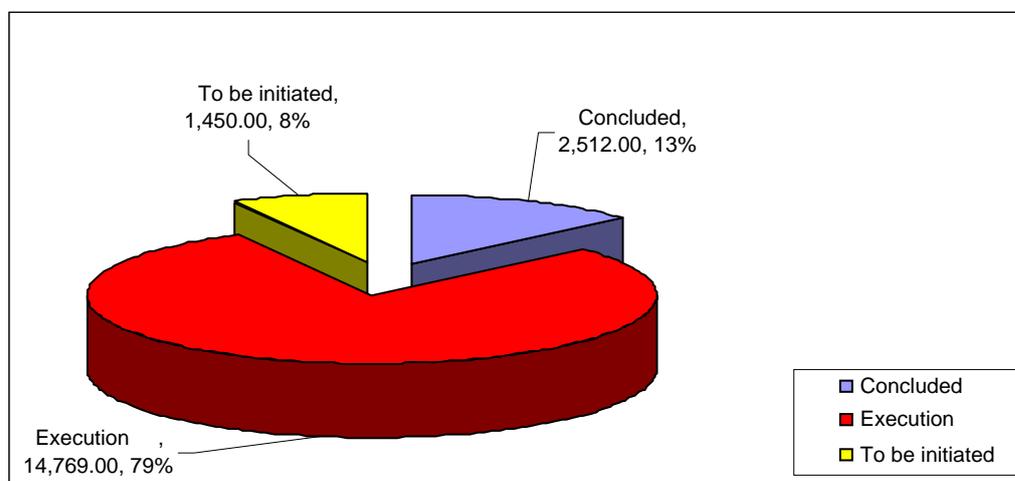
This Regional Office is made up of two operational units. As illustrated in Table 3 below, 6,421 ha (34.28%) belong to the R-379 strategy, 3,648 has. (19.48%) belong to the R-217 strategy, 3,644 has. belong to the R-108 (19.45%) strategy, 4,553 has. belong to the technical reinforcement and 2.48 % belong to Plan 2007. In all, we have concluded 2,512 has., 14,769 ha are under execution and only 1,450 has. are still to be initiated and for the main part are included as part of Plan 2007 and the technical reinforcement stages.

**Table 3: Agronomic status by crop – San Martin Regional Office**

Regional Office	Product description	Concluded		Execution		To be initiated		Grand Total	
		Has	Families	Has	Families	Has	Families	Has	Families
San Martín R-379	Cacao			4,858.00	4,862			4,858.00	4,862
	Grasses			50.00	50			50.00	50
	Corn	1,513.00	1,513					1,513.00	1,513
	Bird module*					191*	189	191*	189
<b>Sub total R-379</b>		<b>1,513.00</b>	<b>1,513</b>	<b>4,908.00</b>	<b>4,912</b>	<b>0.00</b>	<b>189</b>	<b>6,421.00</b>	<b>6,614</b>
San Martín R-217	Rice	463.00	463					463.00	463
	Cacao			2,312.00	2,312			2,312.00	2,312
	Coffee			668.00	668			668.00	668
	Hearts of palm			205.00	205			205.00	205
<b>Sub total R-217</b>		<b>463.00</b>	<b>463</b>	<b>3,185.00</b>	<b>3,185</b>	<b>0.00</b>	<b>0</b>	<b>3,648.00</b>	<b>3,648</b>
San Martín R-108	Cacao			1,806.00	1,807	526.00	524	2,332.00	2,331
	Coffee			582.00	582	429.00	429	1,011.00	1,011
	Oil palm					25.00	25	25.00	25
	Hearts of palm			276.00	276			276.00	276
	Cattle module *					138*	136	138*	136
	Depulper*					22*	22	22*	22
	Bird module*					34*	34	34*	34
	Pig farming modules*					102*	102	102*	102
<b>Sub total R-108</b>		<b>0.00</b>	<b>0</b>	<b>2,664.00</b>	<b>2,665</b>	<b>980.00</b>	<b>1,272</b>	<b>3,644.00</b>	<b>3,937</b>
San Martín P-2007	Cacao					231.00	231	231.00	231
	Coffee					84.00	84	84.00	84
	Hearts of palm					150.00	150	150.00	150
	Small animals*					26*	26	26*	26
	Cattle module *					41*	41	41*	41
	Bird module*					11*	11	11*	11
	Pig farming module*					20*	20	20*	20
<b>Sub total Plan 2007</b>		<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>465.00</b>	<b>563</b>	<b>465.00</b>	<b>563</b>
AE Reinforcement	Cacao			2,116.00	2,116	5.00	244	2,121.00	2,360
	Coffee			466.00	466			466.00	466
	Cotton	536.00	536	1,430.00	1,430			1,966.00	1,966
	Home garden *			46*	92			46*	92
	Bird module*			228*	228			228*	228
	Guinea pig module*			92*	92			92*	92
<b>Sub total RAE II</b>		<b>536.00</b>	<b>536</b>	<b>4,012.00</b>	<b>4,424</b>	<b>5.00</b>	<b>244</b>	<b>4,553.00</b>	<b>5,204</b>
<b>Total San Martín</b>		<b>2,512.00</b>	<b>2,512</b>	<b>14,769.00</b>	<b>15,186</b>	<b>1,450.00</b>	<b>2,268</b>	<b>18,731.00</b>	<b>19,966</b>

\* Not expressed in number of hectares

**Graph 3: Project status in terms of hectares – San Martin Regional Office**



## Tocache Regional Office

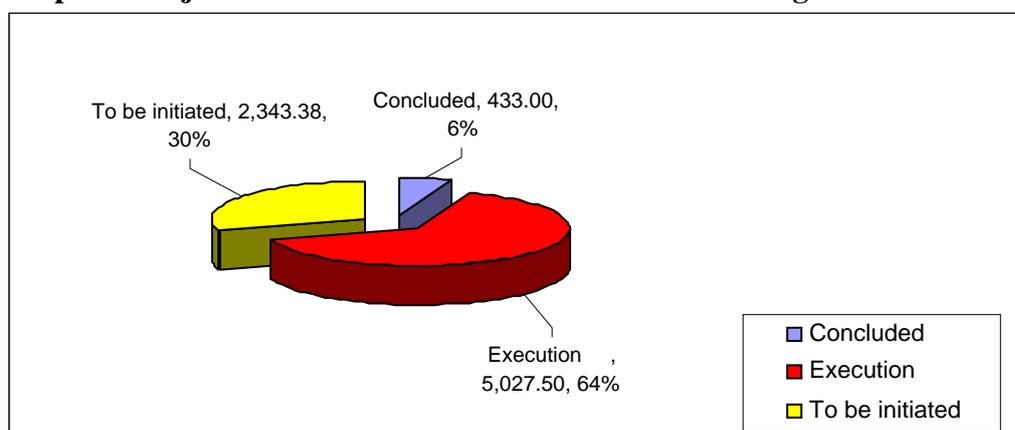
Here efforts have focused on the Post Eradication component of the program that was started during the reporting period. It involves families whose illegal coca crops have been eradicated by CORAH. They are being offered the opportunity of installing alternative, legal crops. Table 4 shows that 2,244 has. (28.75%) belong to the R-379, strategy, 372 has. (4.46%) to the R-217 strategy, 8 has. to the R-108 strategy (0.10%), 5,042.50 has. to the Post Eradication Plan, 159.375 has. to the technical reinforcement strategy and only 0.03% belongs to Plan 2007. A total of 433 has. have been concluded, 5,027 has. are under execution and 2,343.38 has. are still to be initiated and are for the most part included as part of the Post Eradication and technical reinforcement stages.

**Table 4: Agronomic status by crop – Tocache Regional Office**

Regional Office	CROP	Concluded		Execution		To be initiated		Grand Total	
		Has	Families	Has	Families	Has	Families	Has	Families
TOCACHE R-379	Rice	201.00	201					201.00	201
	Cacao			1,740.00	1,740			1,740.00	1,740
	Coffee	198.00	198	105.00	105			303.00	303
<b>Sub Total, R-379</b>		<b>399.00</b>	<b>399</b>	<b>1,845.00</b>	<b>1,845</b>	<b>0.00</b>	<b>0</b>	<b>2,244.00</b>	<b>2,244</b>
TOCACHE R-217	Cacao			131.00	131			131.00	131
	Coffee			130.00	145	78.00	87	208.00	232
	Bananas	9.00	9					9.00	9
<b>Sub Total, R-217</b>		<b>9.00</b>	<b>9</b>	<b>261.00</b>	<b>276</b>	<b>78.00</b>	<b>87</b>	<b>348.00</b>	<b>372</b>
TOCACHE R-108	Cacao			8.00	8			8.00	8
	Pig farming module *			7*	7			7*	7
	Fish farming module*					8*	8	8*	8
<b>Sub Total, R-108</b>				<b>8.00</b>	<b>15</b>		<b>8</b>	<b>8.00</b>	<b>23</b>
PLAN 2007	Coffee					2.00	2	2.00	2
<b>Sub Total, Plan 2007</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2</b>
TOCACHE POST-ERRADICACION	Cacao			2,209.00	1417	1,859.00	1062	4,068.00	2,479
	Coffee					281.00	206	281.00	206
	Rice			128.00	117	66.00	36	194.00	153
	Beans					15.00	12	15.00	12
	Corn			103.50	103	39.00	22	142.50	125
	Oil palm			282.00	94			282.00	94
	Bananas			54.00	51			54.00	51
	Grasses			6.00	10			6.00	10
	Guinea pig module*			90*	90			90*	90
	Bird module*			178*	173			178*	173
	Fish farming module*			26*	26	86*	86	26*	112
	Pig farming module*			92*	92			92*	92
	Cattle*			374*	374	259*	259	633*	633
<b>Sub Total, Post-Eradication</b>		<b>0.00</b>	<b>0.00</b>	<b>2,782.50</b>	<b>2,547.00</b>	<b>2,260.00</b>	<b>1,683.00</b>	<b>5,042.50</b>	<b>4,230</b>
AE Reinforcement	Cacao			131.00	131			131.00	131
	Pineapple					3.375	27.00	3.375	27
	Rice	25.00	25.00					25.00	25
<b>Sub Total, AE Reinforcement</b>		<b>25.00</b>	<b>25</b>	<b>131.00</b>	<b>131</b>	<b>3.38</b>	<b>27</b>	<b>159.38</b>	<b>183</b>
<b>Total Tocache</b>		<b>433.00</b>	<b>433.00</b>	<b>5,027.50</b>	<b>4,814.00</b>	<b>2,343.38</b>	<b>1,807.00</b>	<b>7,803.88</b>	<b>7,054.00</b>

\* Not expressed in number of hectares

**Graph 4: Project status in terms of hectares – Tocache Regional Office**



## Tingo María Regional Office

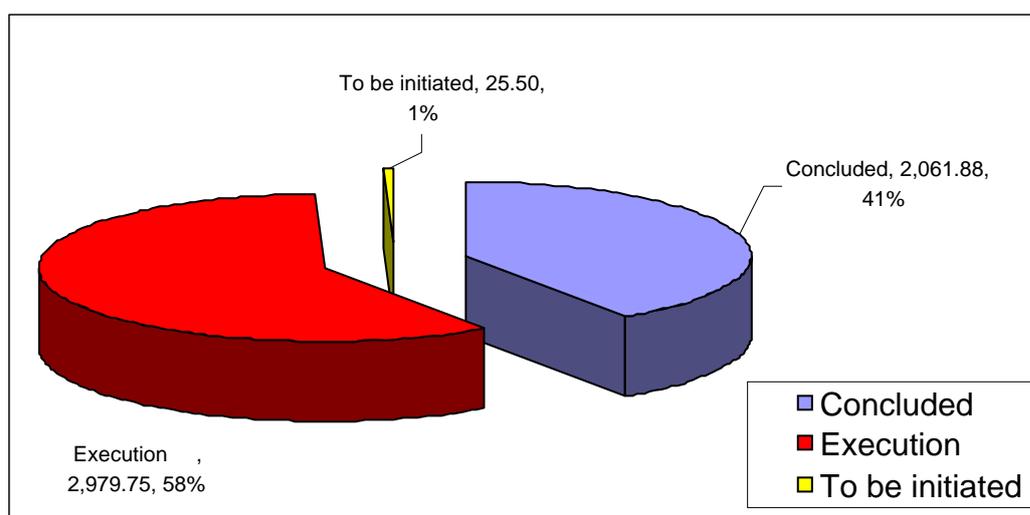
Until only a few months ago, this Regional Office was in charge of the PDA signatory communities and responsible for carrying out PDA commitments in the target area of Aguaytía. However, due to its distant location and the accompanying logistical challenges, its work in Aguaytía has now been transferred to the newly established Regional Office of Aguaytía while the Regional Office of Tingo María has maintained responsibility for completing the commitments it had from the time it initiated operations. Table 5 below shows that 4,875.13 has. (96.21%) correspond to strategy R-379, 59 has. (1.16%) to the R-217 strategy, 113 has. to the R-108 strategy (2.23%) while only 0.39% pertains to Plan 2007. In all, we have concluded 2,061.88 has., while 2,979.75 has. are under execution and only 25.5 has. are still to be initiated and are for the most part included as part of Plan 2007.

**Table 5: Agronomic status by crop – Tingo María Regional Office**

Regional Office	Product Description	Concluded		Execution		To be initiated		Grand Total	
		Has	Families	Has	Families	Has	Families	Has	Families
Tingo María R-379	Cacao			1739.50	1766			1739.50	1766
	Coffee			808.75	872			808.75	872
	Citric fruits			265.00	313			265.00	313
	Corn	216.00	206					216.00	206
	Papaya	22.00	22					22.00	22
	Grasses	1635.00	545					1635.00	545
	Beans	21.00	21					21.00	21
	Pineapple	2.375	19					2.38	19
	Bananas	165.50	213					165.50	213
	Grain mill *	1*	64					1*	64
<b>Sub total R-379</b>		<b>2061.88</b>	<b>1026</b>	<b>2813.25</b>	<b>2951</b>	<b>0.00</b>	<b>0</b>	<b>4875.13</b>	<b>4041</b>
Tingo María R-217	Cacao			7.00	7			7.00	7
	Coffee			46.00	46			46.00	46
	Citric fruits			6.00	12			6.00	12
<b>Sub total R-217</b>		<b>0.00</b>	<b>0</b>	<b>59.00</b>	<b>65</b>	<b>0.00</b>	<b>0</b>	<b>59.00</b>	<b>65</b>
Tingo María R-108	Cacao			18.00	18			18.00	18
	Coffee			78.00	78	2.00	2	80.00	80
	Citric fruits					3.50	5	3.50	5
	Bananas			11.50	23			11.50	23
<b>Sub total R-108</b>		<b>0.00</b>	<b>0</b>	<b>107.50</b>	<b>119</b>	<b>5.50</b>	<b>7</b>	<b>113.00</b>	<b>126</b>
Tingo María P-2007	Cacao					14.00	14	14.00	14
	Grasses					6.00	6	6.00	6
<b>Sub total Plan 2007</b>		<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>20.00</b>	<b>20</b>	<b>20.00</b>	<b>20</b>
AE Reinf.	Cacao modules*			410*	410			410*	410
	Coffee modules*			226*	226			226*	226
<b>Sub total RAE</b>		<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>636</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>636</b>
<b>Total Tingo María</b>		<b>2,061.88</b>	<b>1,026.00</b>	<b>2,979.75</b>	<b>3,771.00</b>	<b>25.50</b>	<b>27.00</b>	<b>5,067.13</b>	<b>4,888.00</b>

\* Not expressed in number of hectares

**Graph 5: Project status in terms of hectares – Tingo María Regional Office**



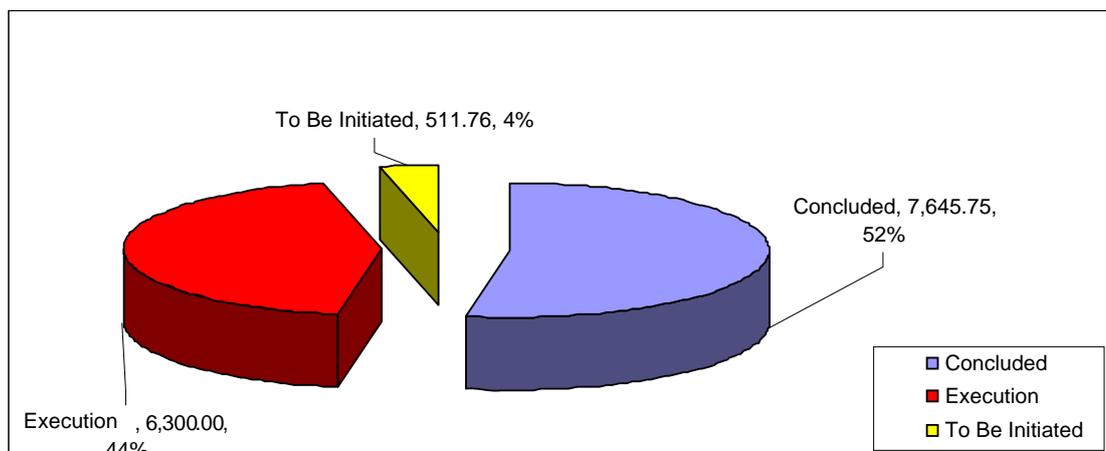
### Ucayali Regional Office

Due to the vast extension of land in terms of hectares and numbers of signatory families under the jurisdiction of this particular Regional Office, it is now working with three operation units. These three operation units manage 14,457.51 ha of crops as reflected in Table 6 below. Of these, 11,298.75 ha (78.15%) belong to the R-379 strategy, 1,055 ha (7.30%) to the R-217 strategy, 844 to the R-108 strategy (5.84%), 1,049 ha to the technical reinforcement strategy and only 1.49% pertains to Plan 2007. Total results show 7,645.75 concluded has., 6,300 has. under execution and only 511.76 has. to be initiated and are principally considered under Plan 2007.

**Table 6: Agronomic status by crop – Ucayali Regional Office**

Regional Office I	Product description	Concluded		Execution		To be initiated		Grand Total	
		Has	Families	Has	Families	Has	Families	Has	Families
Ucayali R-379	Cotton	5,046.00	3,078					5,046.00	3,078
	Cacao	345.75	389	1,883.00	1,500			2,228.75	1,889
	Corn	330.00	236					330.00	236
	Soil improvement	2.00	2			62.00	31	64.00	33
	Oil palm			1,054.00	560			1,054.00	560
	Grasses	1,786.00	1,272	625.00	551			2,411.00	1,823
	Bananas	136.00	153	29.00	29			165.00	182
	Rice mill *	1*	70					1*	70
<b>Sub Total R-379</b>	<b>7,645.75</b>	<b>5,200</b>	<b>3,591.00</b>	<b>2,640</b>	<b>62.00</b>	<b>31</b>	<b>11,298.75</b>	<b>7,871</b>	
Ucayali R-217	Cacao			215.00	153			215.00	153
	Oil palm			94.00	59			94.00	59
	Grasses			744.00	624	2.00	2	746.00	626
	Pig farming module*			7*	7				7
	Bird modules *			16*	16				16
<b>Sub Total R-217</b>	<b>0.00</b>	<b>0</b>	<b>1,053.00</b>	<b>859</b>	<b>2.00</b>	<b>2</b>	<b>1,055.00</b>	<b>861</b>	
Ucayali P-2006	Cacao			421.00	183	147.50	103	568.50	286
	Grasses			158.00	148	89.50	84	247.50	232
	Citric fruits			12.00	12			12.00	12
	Pepper			16.00	16			16.00	16
	Bird modules *			115*	115			131*	115
	Fish farming module *					1*	38	1*	38
<b>Sub Total P - 2006</b>	<b>0.00</b>	<b>0</b>	<b>607.00</b>	<b>474</b>	<b>237.00</b>	<b>225</b>	<b>844.00</b>	<b>699</b>	
Ucayali R-108	Cacao					53.00	31	53.00	31
	Oil palm					68.76	34	68.76	34
	Grasses					76.00	58	76.00	58
	Sugar cane					13.00	13	13.00	13
	Pig farming module*					39*	39	39*	39
	Cattle module *			25*	25	55*	55	80*	80
<b>Sub Total P - 2006</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>25</b>	<b>210.76</b>	<b>230</b>	<b>210.76</b>	<b>255</b>	
AE Reinf.	Hearts of palm			80.00	80			80.00	80
	Cacao			969.00	969			969.00	969
<b>Sub Total AE Reinforcement</b>	<b>0.00</b>	<b>0</b>	<b>1,049.00</b>	<b>1,049</b>	<b>0.00</b>	<b>0</b>	<b>1,049.00</b>	<b>1,049</b>	
<b>Total Ucayali</b>	<b>7,645.75</b>	<b>5,200</b>	<b>6,300.00</b>	<b>5,047</b>	<b>511.76</b>	<b>488</b>	<b>14,457.51</b>	<b>10,735</b>	

**Graph 6: Project status in terms of hectares – Ucayali Regional Office**



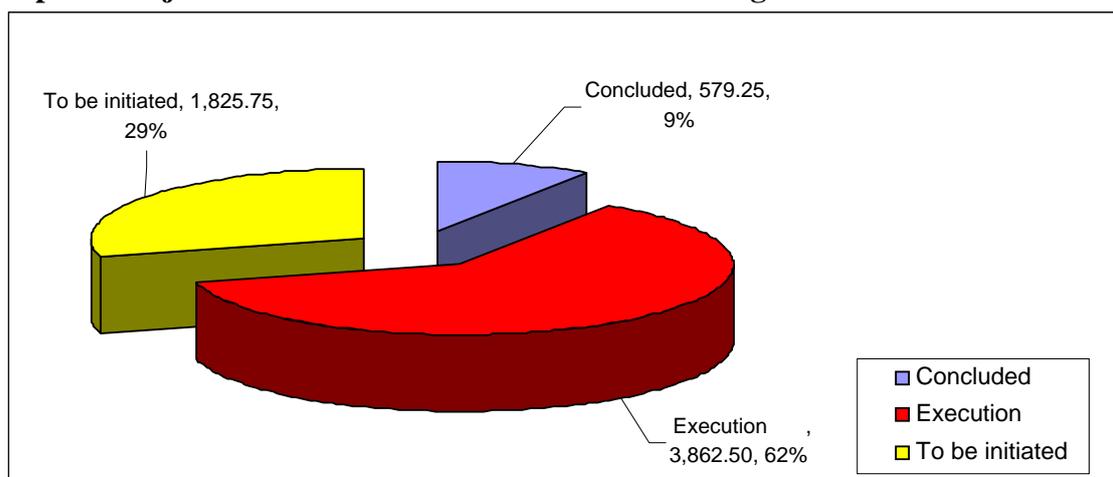
**VRAE Regional Office**

This is considered to be the program’s most challenging area both respect to project implementation and voluntary eradication. To date, 29 communities have withdrawn from the program and as can be seen by the table below, we have only been successful in implementing one strategy: R-379 with 6,267.50 has.

**Table 7: Agronomic status by crop – VRAE Regional Office**

Regional Office	CROP	Concluded		Execution		To be initiated		Grand Total	
		Has	Families	Has	Families	Has	Families	Has	Families
VRAE R-379	Cacao	269.50	148	2,718.00	1,732	1,233.50	876	<b>4,221.00</b>	<b>2,756</b>
	Coffee	34.00	34	1,144.50	863	592.25	464	<b>1,770.75</b>	<b>1,361</b>
	Peanuts	275.75	304					<b>275.75</b>	<b>304</b>
<b>Total VRAE</b>		<b>579.25</b>	<b>486</b>	<b>3,862.50</b>	<b>2,595</b>	<b>1,825.75</b>	<b>1,340</b>	<b>6,267.50</b>	<b>4,421</b>

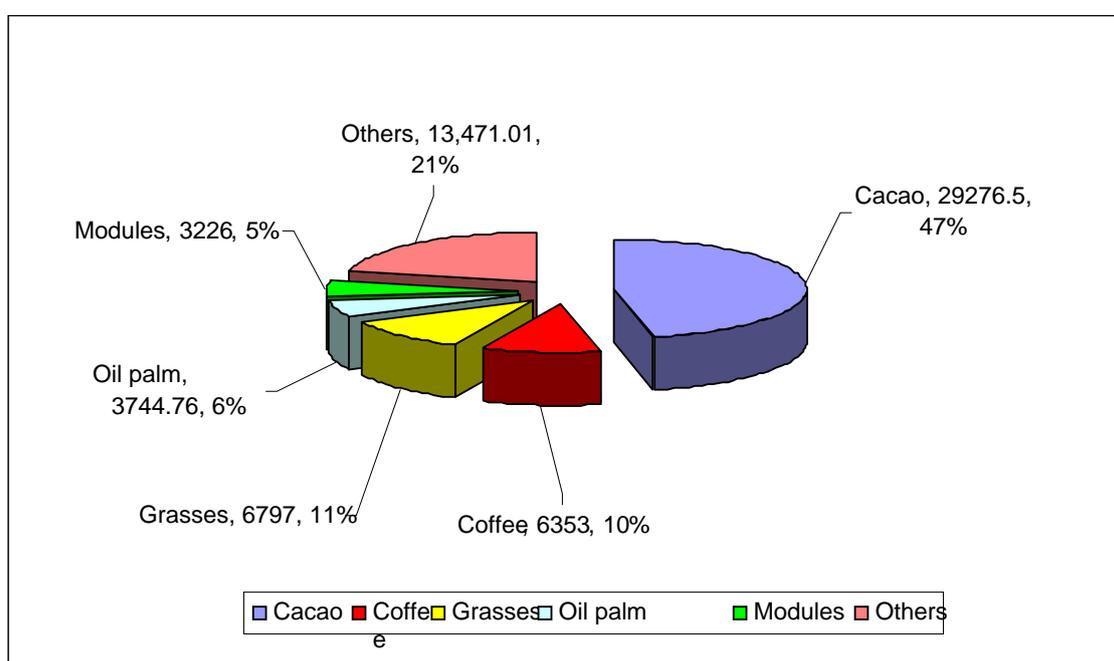
**Graph 7: Project status in terms of hectares – VRAE Regional Office**



## The PDA's main crops

The intervention area is clearly divided into four main crops in terms of PDA-supported hectares, as well as the small animal modules which are becoming increasingly important as they serve to complement other crop-related activities in which the farmer already has expertise or to supplement the food that the communities already consume.

Cacao receives the most PDA support and accounts for 29,276 ha which represents 47% of the total number of hectares being supported. This is followed by grasses with 6,797 hectares (11%), coffee with 6,353 hectares (10%), and finally oil palm with 3,744 hectares (6%). The remaining 26% represents other crops i.e. hearts of palm, corn, cotton and modules engaged in the production of animal-derived products. The pie-chart below shows the main crops and modules:



## Information System Module for Economic Activities

This has been totally concluded and the Regional Offices are now responsible for keeping the Information System updated at all times and for preparing intelligent reports so that they can check on the progress of their projects, with respect to implementation, disbursement, progress made by subcontractors, at beneficiary level, etc.

## Farmer Field Schools (ECAS)

PDA activities include organizing special Farmer Field Schools. Training courses, which are almost concluded, have been designed to have a multiplier effect as the Field Schools have proved to be a very popular and efficient way of teaching farmers better methods. The table below offers more detail on the work done to date in this respect:

Regional Office	Received Training	Number of people in technical team	Number of RO personnel	Number of Pilot Plan ECAS Developed
Aguaytia	yes	15	1	1
San Martín	yes	47	10	4
Tingo María	yes	13	2	2
Tocache	yes	30	0	2
Ucayali	yes	26	4	1
Vrae	yes	27	3	3
<b>Total</b>		<b>158</b>	<b>20</b>	<b>13</b>

### Lessons Learned

- a) The ECAs have become strategic allies for transferring the responsibility to farmers for the management of their plantations, recapturing the farmers' skills and giving them the chance to share their own experiences.
- b) PDA Coordinators must continue teaching personnel in the Regional Offices on how to use the Information System and produce effective reports as well as to use it as an essential support tool.
- c) The Regional Offices should continually monitor the data provided by the subcontractors and use the Information System to check it in the field.
- d) It is important to update the communities on the progress of their projects regularly. This helps to promote transparency regarding project management.

### Recommendations

- a) The Information System was fully implemented in 2006. It is now important to prioritize its use as a basic tool and as a source of management information for decision-making among the staff engaged in economic activities.
- b) Establish an annual goal for the number of Field Schools to be organized in 2007.
- c) The Regional Offices should draw up a rigorous project supervision plan. This should involve experts on monitoring and economic activities to identify the bottlenecks that tend to slow-down or obstruct the pace of the projects. This would provide feedback into the Information System and help to create better solutions.

# NATURAL RESOURCE AND ENVIRONMENTAL MANAGEMENT

## A. APPLICATION OF ENVIRONMENTAL REGULATIONS

PDA's Environmental component is regulated by the environmental legislation currently in force, USAID's Regulation 216 and the Peruvian Environmental Law, which together comprise the PEA (Programmatic Environmental Assessment), approved in July 2004. The PEA sets forth the environmental procedures that must be applied to all cases of project development to ensure quality at all times and to ensure that all of the environmental considerations have been taken into account throughout the entire project cycle.

In the reporting year, USAID approved PDA's use of two environmental management tools: the PEA and the PERSUAP. This helped us to optimize the application of the environmental considerations while developing the program's productive projects. The use of both these tools was disseminated among all actors involved in the implementation of PDA-supported projects.

### A1. Main activities

PDA's Environmental component reports the following activities which range from preliminary evaluations to project development inspections:

- Preparing of preliminary environmental assessments for all of the projects implemented, according to each project's environmental category.
- Determining environmental considerations according to the type of project.
- Including Integrated Pest Management in the productive projects implemented in the valleys of Tingo María and Ucayali, pursuant to the PERSUAP.
- Training for project operators to improve environmental activities.
- Conducting 2006 Environmental Audits in the entire PDA intervention area.
- Conducting land prospecting prior to implementing the oil palm projects, allowed us to identify those farmers who utilized slash-and-burn practices.

The table below summarizes the environmental process. The work of the Regional Offices coupled with that of the Infrastructure and Economic Activities components has been integral to achieve the better integration of the environmental regulations within PEA guidelines.

### PEA Management Instruments

REGIONAL OFFICE	NUMBER OF PROJECTS		MANAGEMENT INSTRUMENTS ELABORATED				
			EAIs		Productive Project Environmental Inspections		
	Productive	Infrastructure	Productive	Infrastructure	Number of Projects	Tipo de Proyecto	Ha inspected
Tingo María	12	7	22	7	7	Instalacion de cacao, café, cítricos, pina, Mantenimiento de café	419
Aguaytia	13	27	27	27	17	Instalacion de cacao, café, plátano, pina, palmito, palma aceitera, pijuayo, papaya, módulos de animales menores, piladoras, Mantenimiento cacao, café, papaya, palma aceitera	357
Tocache	13	45	391	45	3	Instalacion y Mantenimiento de Cacao, café, piña, pastos, frijol, maiz, plátano, arroz; Aves, piscigranjas, cuyes, porcinos, pasto más vaquillona	844
Tarapoto (Juanjui)	37	129	338	129	16	Instalación y mantenimiento de cacao, café, pastos. Instalación de cajones fermentadores	1364
Ucayali	27	73 (*)	59	34	6	Instalacion de cacao, palma, mejoramiento de cacao, mantenimiento de plátano, producción de plantones de palma, adquisición de plantones de palma,	606

## A2. Main Achievements for the Reporting Year

The main achievements associated with the application of PDA's environmental process include:

1. The implementation of 2 environmental management tools in PDA projects: 1) the PERSUAP whose objective is to apply integrated plague management for agricultural projects, and 2) project evaluations of agricultural activities whose objective is to include environmental activities in project implementation.
2. Dissemination of the use of these 2 environmental management tools, for the benefit of personnel at all levels, but principally for those working as part of the technical assistance teams and who are immersed in the development of productive projects.
3. The socialization and subsequent implementation by PDA's partner institutions of the principal environmental processes that need to be applied in project development.
4. The identification of burned plots during the prospecting stage in the area of Ucayali, has allowed us to identify farmers utilizing slash and burn techniques and to educate them regarding sustainable agricultural practices.
5. USAID approved the Action Plan which was based on the 2006 Environmental Audit.

## B. LICIT ECONOMIC ACTIVITIES BASED ON THE USE OF FOREST RESOURCES

The main objective of this component is to encourage the beneficiary communities to change their illegal lifestyles and become part of the legal economy through forest-related activities that create jobs and income. These activities are designed according to local conditions and developed with long-term sustainability in mind.

### B1. Main activities

This component has developed different types of forestry projects. Natural forest management projects at voluntary forest certification stage have been carried out in the native communities of Santa Martha and Sinchi Roca over an extension of over 48,000 has. and in colony communities, specifically in local forest areas, over extensions of less than 500 hectares.

Agro forestry and reforestation projects have also been implemented and developed in a number of communities located in the valleys of San Martín and Tingo Maria. Carpentry and furniture modules have been delivered in local forest communities.

The table below shows a summary of the forest projects that have been implemented in each valley. The natural forest projects are the result of joint PDA/INRENA work as this is the entity in charge of issuing continual extraction permits. There have often been delays in obtaining INRENA's approval, and this has in turn, delayed project execution.

**Table 2 Forest-related projects developed by the PDA**

Zonas	Sistemas Agroforestales			Viveros			Reforestación					
	Comunidad	Ha	Beneficia	Inversión pda	N° Plant	Benefici	Inversión pda	Comunidad	Benf	ha	Inversión Pda	
Tingo Maria								San José de Pucate	89	2		
								Primavera	110	2	13690	
Aguaytia	Boqueron				10000	132	31440	Santa Ana	14	14	16915	
Tarapoto-Juanjui	Ahuihua	25	25	3,965.00	3000	147	49573,00					
	Almendras	2	2	910.00		62						
	Bagazan-III adenda	13	13	2,340.00		67						
	Bagazan-IV adenda	23	23	2,990.00								
	Jose Olaya	30	30	3,500.00								
	La Pedrera	20	20	5,230.00								
	La Primavera	19	19	5,230.00								
	Nuevo Sacanche	32	32	5,230.00								
	Nuevo Piscoyacu	25	25	3,500.00								
Huaccha	9	9	5,230.00									
				30,000	60	30097,00	San Roque	60	60	30097,00		

Zonas	*Bosques comunales			Certificación Forestal			Bosques Locales			
	Comunidad	Ha	Ben	Inversión pda	Ha	Ben	Inversión del PDA			
	Sinchi Roca	46.801	288	162.841,80	46,801,00	288				
Ucayali	Santa Martha	10.198	75	51.262,20	10,198	75	174,000,00			
	San Juan de Abiseo							322,76	75	23651,625
Tarapoto(Juanjui)	Shumanza							500	172	23892,625
Tocache	Mantención							462	98	30,000,00

Zona	Módulos de Carpintería			Proyecto Caucho			Modulos de Caucho			
	Comunidad	Ha	Benf	Inversión Pda	Comunidad	Estrada	Beneficiarios	N° Módulo	Inversión pda	otra informació
Tingo Maria	Gosen	362	72	26868						
Tarapoto	Achinamiza				Achinamiza	75	35	3	198.536,00	PGM pendiente de

## B2. Main Achievements

Main environmental achievements for the period include:

1. The certification of 58999.00 ha of communal forests in the native communities of Sinchi Roca and Santa Martha. This means that these communities may now place their forest products on the regional market at a competitive price and steer the forest towards sustainability.
2. Agro forestry projects comprising over 198 hectares have been implemented in some of the San Martin valleys.
3. In Tingo María, local forests projects have been supplemented with carpentry modules so that the people involved may work the wood and produce value added products.

## CHAPTER 3: COMMUNICATIONS

### Introduction

PDA's Communications component worked intensely during the reporting period to expedite the processes designed to foster a change of perception and behavior at the national, regional and community levels.

The Communications component strengthened its activities directed at public opinion in the cities where PDA operates (Tarapoto, Juanjuí, Tocache, Aguaytía, Pucallpa, Tingo María and San Francisco) in response to the impact of the Presidential and Parliamentary elections held in April 2006 on the PDA's image, particularly with regard to certain case-sensitive issues related to alternative development and narcotrafficking.

The Community Communications Platform, whose aim is to achieve behavioral change in local farmers, was also significantly strengthened as it branched out to reach more communities. This marked a great step forward especially with the organization of workshops to construct a Shared Vision for the Future among signatory communities, as we worked directly with the communities and their families to make sure that they continue to live legal lifestyles well into the future.

All communication efforts were developed on the basis of the decisions taken by the Communications Technical Committee (DEVIDA, USAID and PDA), with the support of other USAID operators (APRENDES, MSH and CEDRO).

#### **A. Impact on national public opinion**

One of the most notable accomplishments of the reporting year was the work that the Communications component developed at national public opinion level to publicize the PDA's achievements. Procuring Lima's media companies to commit to publicize the work of the PDA was key for this success, as they have a nationwide audience.

Equally as important was PDA's involvement in a number of events influencing public opinion such as fairs, congresses and the celebration of festivities, as these disseminated the objectives and goals for alternative development in the big cities, especially in Lima.

#### **A1. Main activities**

*Advertising campaign with Radio Programas del Perú (RPP).* We worked with this leading radio station on a campaign designed to introduce the subject of drugs into the public agenda. Radio spots were created containing key messages that went in progressive order from the initial coca-plant growth stages all the way up to drug consumption prevention (i.e. illegal coca-crop farming, production of cocaine, distribution and commercialization, violence, narcoterrorism, and drug consumption prevention).

This 10-month long campaign was supplemented with other actions such as close coordination with RPP's information area, the creation of a webpage and sponsoring activities such as fairs that generated large attendance.

The promotional strategy involved developing regional-scale events with a nationwide impact, and efforts were focused on getting mass media companies to publicize the PDA's achievements.

*Tiempos de Cacao (Cacao Times).* This project was based on Chazuta's first cacao harvest (in San Martín), showing how cacao farming was a profitable and safe alternative for ex coca-farmers. It was widely broadcast by the local media, and there was a documentary report shown on national TV, on the La Ventana Indiscreta program on the Frecuencia Latina channel, and in the Somos weekly review published by El Comercio.

*Regional Special Coffees Competition – Huallaga Corridor.* International coffee tasters confirmed the excellent quality of the local coffee and promoted the commercial potential of this alternative crop, through a taste testing competition. An extensive report was broadcast on the Hagamos Empresa program shown by TNP-Channel 7. Local media also covered the competition.

*Launching of the Tocache Plan.* Calls were made to the local and national-scale media to take part in the launching of PDA's intervention in Tocache and for a subsequent guided tour of the oil palm and cacao fields. This received nationwide coverage (News on América Televisión-Canal 4 and La Ventana Indiscreta-Frecuencia Latina, La República, El Comercio, Perú 21, among others) and also at the local level.

*Land Title Award Ceremony PDA-PETT.* A massive land title award ceremony was organized in Aguaytía in conjunction with the PETT (Proyecto Especial de Titulación de Tierras). This was covered by local and national-scale media. It was also publicized on a number of TV channels and in the El Comercio and La República newspapers.

*Launching of Tocache Plan II. Announcing the continuity of PDA's efforts in the Tocache area.* The local and national-scale media were invited.

*Cacao in San Martín. Consolidation of cacao as the most secure and profitable farming option in the region of San Martín.* The La Ventana Indiscreta program (responsible for the first report on this) confirmed the progress made so far by touring a number of fields and cooperatives in the entire region.

### **Events and products making an impact on national public opinion**

*Production of the 'Tiro de Gracia' miniseries.* A spectacular audiovisual product comprised of 10 chapters (each one 60 minutes long) on narcotrafficking. This product has already been purchased by América Televisión (the channel with the highest average rating) and is due to be shown soon.

*Participation in the Wong Parade:* The PDA took part in the Parade that the Wong Supermarket Chain organizes for Independence Day (July 2006). This annual attraction gathers approximately 300,000 people and is broadcast to nearly 4 million Peruvians by the country's main TV channels.

*Participation in trade fair.* The PDA hired a stand in the XI Semana del Comercio Exterior 2006 trade fair. It exhibited a number of goods being produced in PDA's intervention areas and informed the public, authorities and leaders (ministers, top state officials, entrepreneurs, politicians, international cooperation agency representatives, etc.) on the scope and achievements of the PDA.

*Production and distribution using audiovisual products.* This was mainly through the PDA Informs product (editions 4, 5 and 6), which was widely publicized in Lima (congress people, reporters, public officers, opinion leaders, entrepreneurs, etc.) and aired on the main TV channels at regional level. It also favorably impacted dozens of PDA signatory communities, where the product was diffused as part of the implementation of the Community Communications Platform.

*Co-production of the TV series Falacias: coca y desarrollo alternativo:* This consisted of 10 short video programs that were co-produced with Inforegión, a news agency committed to promoting legal lifestyles in the coca valleys.

## **A2. Lessons Learned**

The organization of events that help to inform the public on real alternative development achievements have a definite impact on public opinion nationwide.

This media strategy should be rational and requires a pre-production stage to ensure that what is exposed through the media is forceful and credible.

Our communication materials (i.e. videos, pamphlets and others) have proved to be extremely valuable for promoting a culture of legal lifestyle and rejecting narcotrafficking.

## **A3. Recommendations and next steps for national level communications**

Continue strengthening our work with the national press and regularly promote the broadcasting of reports through the media.

Develop a production line for materials (audiovisual and printed) designed to diffuse the PDA's scope of work and achievements 5 years after its implementation.

This should be comprised of a documentary on the PDA in Peru; special testimonies by region (audiovisual and graphic) on alternative development issues; a PDA report; a PDA pamphlet; and others.

## **B. Impact on regional public opinion**

Our work at the regional level was focused on boosting our communication efforts in an attempt to reverse the damage done to the image of the PDA during the pre-electoral political campaigns of 2005-2006 (Presidential and Congressional elections were held in April 2006).

Information work was also intensified and this marked a qualitative step forward as the intention is that by the end of 2007, PDA's informative work should be the most

effective strategy influencing regional public opinion, over our marketing and publicity activities.

The foundations have been set in place to turn the program into a major generator of information thereby effectively influencing public opinion.

## **B1. Main activities**

*Work and diffusion with the Amazonian Network of Communicators.* Corporate management and organizational strengthening: This strategy seeks to assist the Amazonian Network of Communicators to achieve corporate autonomy in the different intervention areas. Over 100 reporters committed to legal lifestyles attended 4 workshops organized by the PDA.

*Publicity campaigns.* Four workshops were organized to teach the participants how to create and design environmental protection campaigns (in Tarapoto, Pucallpa, Tingo María and the VRAE). More than 100 reporters attended. Members of the Network of Communicators subsequently created publicity spots for these campaigns and attained 16,000 free radio spots in San Martín and another 9,000 free radio spots in Ucayali.

### **Production of radio programs and airing of TV and radio spots**

Approximately 1820 radio spots were contracted to broadcast PDA programs in the intervention areas (Tingo María, Aucayacu, Aguaytía, Pucallpa, Vrae)

A total of 780 60-minute radio programs were produced and aired as well as 40 TV spots (each 20 minutes long) in San Martín and Ucayali.

The *PDA Informa* reports (numbers 4, 5 and 6) were intensely aired in all of the intervention areas (at least 80 presentations are estimated).

### **Dissemination of PDA's work through the media**

*Ongoing information.* It is not easy to assess the impact of the 150 news briefs or reports transmitted by the local media on the audiences living in the intervention areas. Perhaps the most effective indicator is the media monitoring work carried out by Calandria, although this only reflects a percentage of what is published.

*Journalist visits to PDA's intervention areas.* At least 150 reporters visited PDA-supported projects and re-transmitted what they saw. This was a highly beneficial strategy since it has been the driving force influencing regional public opinion. Events influencing public opinion: This is another qualitative step forward in as much as we used every chance of diffusing PDA's achievements to the general public. We organized at least 60 events which attracted the attention of the press and the authorities. These included a variety of competitions (coffee, schools, and enterprising women and young people), project inauguration ceremonies, productive and community fairs (which have a particularly strong impact), forums and seminars.

*Strengthening the Network of Young Reporters and Women:* A pilot Creativity Workshop was organized to teach 30 young reporters how to be creative and design social campaigns. The *Palabra de Mujer* radio spot was also consolidated during the reporting period. The program seeks to attract women leaders in the different intervention areas to network, lead and set an example for others.

### **Tocache: A different strategy**

Tocache is an intervention area which is at the post-eradication stage. Beginning in June 2006, the intervention strategy implemented in this area is different than the one implemented in other areas. The modified strategy is based on an aggressive media campaign engineered to influence and change the fierce anti-PDA sentiment prevalent in the area.

Despite the fact that Tocache is a high-risk area, results have been very satisfactory. At least 15 radio spots were produced and intensely aired by a number of local radio stations. The PDA also produced a series of radio spots and obtained sponsoring for radio time to publicize the PDA's work.

Emphasis was also given to showing the local press the enormous efforts being made by the PDA. Approximately 45 reporters from Tocache, Tingo María, Juanjuí, Tarapoto and Huanuco were invited to visit a number of communities so that they could see the work being carried out first-hand.

Our work at community level was equally important. This largely entailed organizing mega events such as football matches which attracted people from dozens of different communities. Community fairs, agricultural fairs, animal husbandry fairs and other mass gathering events influencing local public opinion (parades, etc.) were organized conjunctly with PDA and USAID's strategic partners.

### **B2. Lessons Learned**

The intensified information strategy (providing information to the media) has contributed enormously towards improving the program's image and towards projecting this improved perception on to the farmers and to the public in general.

The quality of the work of the Network of Communicators has improved considerably and established their own goals (i.e. such as the development of environmental protection campaigns).

Establishing direct contact with the media (visits to projects), and opinion leaders (information meetings), was an effective strategy for improving the PDA's image and reputation in the eyes of the regional public.

### **B3. Recommendations and next steps regarding regional opinion**

Consolidate our information strategy and its focus ongoing interacting directly with the media as well in events that draw large crowds.

Gradually and significantly reduce PDA's contribution to publicity and sponsorship, as the information platform asserts its position.

Strengthen the work with women and young people.

### **C. Community Communications Platform**

We began the process to build a Shared Vision for the Future based on community participation. This required us to work in close collaboration with PDA's Local Development component and with other development USAID partners such as CEDRO and APRENDES.

The results produced to date from this initial pilot plan, which included the participation of 84 communities, have been positive and will require us to step up our efforts during the next term.

#### **C1 Main activities**

Consultation meetings: A total of 84 consultation meetings with communities were held during the reporting period to obtain their consent to develop the Community Platform: 45 in Pucallpa; 26 in San Martín; 6 in Tingo María and 7 in Aguaytía. The outcome has been positive for all cases.

Workshops to Construct a Shared Vision for the Future: Women, young people and children took part in these workshops. A total of 84 Workshops to Construct a Shared Vision for the Future were organized: 45 in Pucallpa; 26 in San Martín; 6 in Tingo María and 7 in Aguaytía.

Communication and community identity spaces: The Community Communications Platform facilitates the construction of an identity based on the communities' own history, their vision for the future, their commitments and their projects, through a public space created for this purpose which has been called the *maloca informativa* or the *maloca del desarrollo*. To date, 31 'malocas' have been set in place in the different intervention areas.

Information, community mobilization and recreation activities: As part of the strategy to consolidate PDA's position as a player promoting a development model that is both humane and integrated at community level, we continued to develop community information and mobilization activities such as caravans for development, information fairs, photo and video exhibitions showing PDA's advancement, sporting events, and others. At least 50 community fairs and over 100 information sessions were held in the different communities (which included the use of audiovisual material). Communities from all of PDA's intervention areas took part.

#### **C2. Lessons Learned**

Coordination with the Local Development component needs to be pre-programmed so as to define our joint actions in the medium term and must be focused on the design and implementation of strategies on three fundamental fronts: i) to guarantee the sustainability of PDA's investments, ii) to procure the support of the new local governments so that they cooperate with the program in favor of the communities that

have opted for a legal life-style, and iii) to strengthen the communities' self-management capacities for development.

Fluid communication and coordination with other PDA components is crucial. The initiatives implemented by the Communications component to date have contributed to strengthen PDA's teamwork in the field. Notwithstanding, we must follow an established program that responds to the specific objectives of each of the PDA's intervention areas and not to sporadic demands or particular situations.

We must also continue to program our work with CEDRO, and this second stage should seek to involve MSH and APRENDES in the areas where their work coincides with the PDA's.

#### **C4. Recommendations and activities planned for the next contract year**

We recommend implementing a community communications operation plan on a monthly basis. This should have its own objectives and goals, but should be linked to the public opinion component.

The goals (number of communities) set forth for the Community Communications Platform pilot plan will be adjusted so as to guarantee the successful completion of the third, fourth and fifth stages of the process, which consist in organizing district-scale events to exchange and negotiate community development plans.

The production of community communication materials should be more organized and should grow considerably next period, especially those materials directed at the sustainability of PDA's investment.

## CHAPTER 4: PERFORMANCE MONITORING

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The primary objectives of the PDA's Performance Monitoring and Evaluation (M&E) component are to (a) measure and provide reliable information on the status and progress of PDA initiatives, and (b) facilitate managerial decision-making based on accurate and up-to-date information.

### A. Information System (SM&E)

The Information System is the Monitoring component's main control tool to ensure compliance with the program'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 established for the program.

During the reporting period, the Information System pursued its growth plan by broadening its scope so as to make it available to a greater number of PDA users. With more the users, the program's processes become more efficient and the better the customer service results are in terms of providing timely and reliable information.

Some of the year's main activities include:

- Incorporating information associated with technical assistance and supervision into the database as part of the economic activities module. This provides a tool which is helpful to automate and facilitate monitoring and control of economic activities and also provides a series of variables for analyzing the productive projects.
- Implementing modules for the control of the Post-Eradication Plan in Tocache, in order to enable PDA staff to carry out selective monitoring of the activities being developed under this particular Plan.
- Implementing the purchase order module. This has allowed us to decentralize the work to the regional offices, control expenses, expedite project execution and work within the budget ceilings established for each project.
- Re-designing the web portal for the Performance Monitoring and Evaluation Information System to adjust to the norms established by the USAID, regulating the websites of USAID-financed programs.
- Implementing the application for Infrastructure work closure processes. This is based on the infrastructure module and is integrated into the modules that form part of this process until the completed project has been fully transferred to its new executor.
- Creating the [desarrolloalternativo.org](http://desarrolloalternativo.org) website. This was designed according to specific USAID requirements and contains data provided by the Information System, making all the relevant information on PDA Peru available to the public and offering valuable conclusions and recommendations in addition to an interesting compilation of lessons learned.

- Stabilizing the hardware for the server clusters that were set in place during the previous period. This enables us to rapidly control any issues and guarantee permanent availability of the Information System.
- Quality Information Auditing (QIA) activities commenced, involving the revision of initial data sources. This consisted mainly of validating the quality of the information stored in the database. It is reported by means of automatic alerts so that any errors can be corrected and, where necessary, the information is checked against the printed version of the supporting documentation.
- Implementing an application for process control. This is integrated according to an established flow which begins from the project formulation stage. It is based on the benefits negotiated with the community and ends with the execution of the respective contract. All this helps to make current operations more efficient.
- Carrying out the training program for Information System users so that the users may learn to work independently and self-sufficiently when seeking information in the system and most importantly, so that they may become more efficient in the performance of their tasks.

For the GIS component:

- In the reporting year, surveying work was continued on access roads and communities programmed for intervention in 2007 both to comply with the annual goals and to expand PDA's map database.
- Six OLAMSA technicians were trained to use GPS instruments in Campo Verde so that they could use this equipment for surveying the palm oil plots belonging to PDA beneficiaries.
- A pilot test was carried out whereby we compiled information for the location of a number of productive projects such as oil palm, cacao, pig farming modules, fish farms and nurseries, as well as infrastructure projects such as bridges, schools, and multipurpose centers.
- We provided ongoing support with updated maps drafted according to the requirements of each Regional Office.
- Training and refresher courses were given on the use of ArcGIS and ARCReader (static maps) to support the work of the Regional Offices.
- The GIS server and its map database received ongoing maintenance services.
- The methodology to delimit the communities based on the reported coca crop plots eradicated by CORAH in Tocache was designed in the last quarter of the year.
- Finally, this component supported a number of different complementary works required by PDA and/or USAID's management.

## **B. Performance and Monitoring**

Monitoring is as an ongoing and systematic process used to track PDA activities. It is fundamental for correcting or improving implementation and ensures that feedback is provided on the implementation status of individual activities, budgets, and lessons learned.

It also provides the information required to analyze results. Performance is a transformation tool since it not only records actions but also the rationale for such actions.

Three key activities were carried out during the reporting year: i) joint monitoring with DEVIDA in the first three quarters, ii) internal monitoring of the PDA in this last quarter, and; iii) monitoring of the coca-free communities. The first two have as their objectives the verification of the degree of compliance of the commitments assumed under the Framework Agreements signed with communities, the measuring the performance of grantees and subcontractors in charge of executing the projects, and the verification of the information registered in the system. The third activity is aimed at reporting signs of any recurrent coca crops in signatory communities and to evaluate the compliance of the coca free communities in the R-379, R-217 and R-108 communities.

Joint PDA/DEVIDA monitoring activities included:

- Five inspection visits, carried out between April and December 2006: 2 in Ucayali, 1 in Leoncio Prado – Tocache, 1 in San Martín and 1 in the VRAE.
- Visiting 124 communities and inspecting the productive projects and the infrastructure projects executed.
- Interviewing 773 beneficiary farmers currently producing cacao, coffee, corn, cotton, grasses, palms, oil palms, rice, etc. Visits to PDA-supported plots were also included.
- A total of 147 infrastructure projects were inspected, including classrooms, multiple use facilities, rural roads, medical health posts, and bridges.
- Results showed that:

It was necessary to increase the number of technicians in order to step up the frequency of technical visits to the communities. Personnel were added to the technical assistance teams thanks to the financial resources made available by the Development Fund.

Because of the particular nature of the people inhabiting the coca growing zones, where migration has a high incidence for different reasons (family-related and/or economic), it was necessary to reassess the initial list of productive project beneficiaries. It was decided that the providers of technical assistance should incorporate the periodic reassessment of these rosters as part of their work program, in order to determine the real number of beneficiaries. This was completed during the last quarter.

With respect to technical assistance, we received constant requests from the beneficiaries demanding further training on how to harvest their crops, post-harvest techniques and plague control. The providers of technical assistance have responded to these requests by prioritizing this type of training, particularly for those farmers whose crops have reached the harvest stage. Training is being provided through the Farmer Field Schools (*Escuelas de Campo*) and this in turn is having the effect of raising the credibility of the PDA in the eyes of the beneficiaries.

The producers' organizations and associations with which the PDA works show institutional weaknesses which could affect the sustainability of the projects in the long-term. In response to this, the PDA has undertaken efforts to implement a institutional

strengthening program with several of the major technical assistance providers. This was initiated in the third quarter in 2006 and will continue throughout the calendar year.

The farmers producing cacao and coffee are generally satisfied with the income they are receiving and report an improvement of their economic situation compared with previous years, but above all, a heightened sense of satisfaction with respect to PDA- promoted activities.

The farmers whose crops are not ready for harvesting yet are very excited at the prospect of harvesting their first crops during the course of 2007, although the point of stability will not come until 2009 – 2011. The increased number of technicians and thereby more frequent visits to the communities and plots of land encourage the beneficiaries to continue producing PDA-supported crops and hold the PDA in better esteem.

Internal PDA monitoring activities included:

- Three inspection visits, carried out between January and March 2007: 1 in Aguaytía, 1 in San Martín, y 1 in the VRAE.
- Visiting 32 communities and inspecting the productive projects and the infrastructure projects.
- Interviewing 134 beneficiary farmers currently producing cacao, coffee, corn, cotton, grasses, palms, oil palms, etc. Visits to PDA-supported plots were also included.
- A total of 36 works of infrastructure were inspected that included classrooms, multiple use facilities, rural roads, medical health posts, and bridges.
- An important observation made after interviewing/visiting these farmers, is that the beneficiaries now believe in the PDA, particularly since the frequency of technical visits was doubled. The technical teams continue to prioritize training on harvest, post-harvests and plague control management methods.
- The works of infrastructure have been completed and are currently being used by the communities.

With regard to monitoring the coca-free communities, activities included:

- Preparing 3 monitoring reports on coca-free communities, which detected 57 communities with re-planted coca plants. Of these, 25 communities formed part of the 2006 Voluntary Eradication Plan and the rest have been considered under the 2007 Voluntary Eradication Plan. These coca-crops were not declared at the time of signing the Framework Agreement.

Finally, other activities carried out by the monitoring teams from Lima as well as from the Regional Offices included:

- Conducting information audits in order to verify the progress made with respect to updating the data in the System, conjunctly with the technical areas.
- Preparing reports and presentations for the PDA, and for its external clients: USAID and DEVIDA, according to their different cross-checking requirements.

- Taking part in the M&E Inter-institutional Committee with DEVIDA and USAID, where the joint monitoring activities and the integration of the information systems between DEVIDA and the PDA are planned
- The contract with CAMRIS International was concluded with the delivery of the main product of their consulting work which was the preparation of the TR° Vulnerability Index which integrates all of the variables belonging to the module for Awareness Raising of DEVIDA's Impact Surveys. This index was validated by the three institutions and serves as a benchmark for measuring performance during the implementation of the program.
- This consulting work also included reports on the characterization or classification of communities in PDA's different intervention areas, as well as other ad-hoc requests made by USAID in connection with cross-checking the variables and integrating data bases.

## EXECUTIVE SUMMARY

Chemonics International Inc. is pleased to submit the third Annual Report for the period April 1, 2006 through March 31, 2007 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.

USAID modified Contract No. 527-C-00-04-00043-00 on July 5, 2006, increasing the total estimated contract amount to \$108,297,508, with the increase in funding provided for the implementation of post programmed eradication alternative development activities. Activities under this contract modification were initiated on May 17, 2006 in the Province of Tocache, Department of San Martín, based on a USAID authorization letter to incur costs for this activity. On January 12, 2007, USAID approved a further modification to contract No. 527-C-00-04-00043-00, extending the termination date of the contract to March 30, 2008 and increasing the total contract amount to \$116,540,765 for a second phase of post eradication activities in Tocache.

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 national and field staff.

### Highlights of Contract Year 2006

1. 2,566.30 hectares of coca were eradicated during this third contract year, surpassing both the 2006 calendar year and fiscal year targets of 2,500 hectares.
2. 79 communities with 5,424 families signed no-replanting agreements with DEVIDA in the Tocache/Polvora post eradication program
3. 112 schools were transferred to the Ministry of Education,
4. 269 infrastructure projects were to transferred to municipal governments;
5. 13 health centers were transferred to the Ministry of Health;
6. 99% of infrastructure projects were completed for R379 (5 in process of completion); 73 completed and 41 underway for R217 (from a total of 114);
7. Productive projects representing 5,335 hectares are underway for 2006 signatory communities. This number of hectares represents 9% of the 59,642.27 hectares currently covered by the PDA.
8. 2,543 land titles were awarded to PDA beneficiaries on 22 November in Aguaytia. This total plus previous titles awarded represents 80% of the target of 4,300 titles for the PDA contract.
9. 115 infrastructure projects were initiated, families, to reinforce and strengthen 121 communities that signed framework agreements in 2006.

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| <ol style="list-style-type: none"><li>10. 32 municipal governments have direct working relationships with the PDA in 2006</li><li>11. 10 caravans for development were implemented in 50 communities.</li><li>12. 13 Farmer Field School training courses implemented</li><li>13. 100 communities benefited with “vision of the future” exercises</li></ol> |
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This report, presented by chapters associated with the appropriate CLINs, summarizes the key activities undertaken during this third contract year, including results, key lessons learned and activities projected for the final 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.

- Chapter I: Context and Challenges
- Chapter II: Auto-eradication
- Chapter III: Communications
- Chapter IV: Performance Monitoring
- Annex 1: Financial and administrative report

### **Third Year Contract Performance:**

During this third contract year, three major and three secondary activities absorbed the bulk of PDA staff time and effort. Among the major activities was the start of the post eradication program in Tocache, a major initiative that promises to signal a new approach to alternative development, particularly in areas characterized by hard-core coca production linked to drug production and trafficking. Carried out under difficult social and political conditions, the PDA’s post eradication intervention in Tocache has been remarkably successful, while shedding important insight into the factors and programmatic decisions contributing to this success.

Another major activity centered on fulfilling program commitments contained in the framework agreements signed with the 379 communities (R379) that entered the program in during the pilot phase of the contract (PDA I) and the 217 communities that signed framework agreement during the second year of the PDA II contract. As part of this gigantic effort to begin constructing a sustainable development base among this universe of 596 communities, the PDA initiated a second round of investments in many of these communities to enhance capacities of beneficiaries and producer associations, and provide long-term benefits in communities that only received short-term crops as an initial benefit. The PDA also launched the local development component of the program in all field offices strengthen ties to beneficiary communities and begin developing a district-wide approach.

The third major effort centered on successfully completing the voluntary eradication goals established for both fiscal year and calendar years 2006, which added 108 new communities to the program (R108). While the voluntary eradication effort was the smoothest since the start of the program in terms of pace and effort, it was marred by an incident in the Ucayali region whereby voluntary eradication staff, in an effort to enlist the

cooperation of hard-core coca-growing communities, agreed to subdivide coca parcels among several individuals in order to generate extra eradication wages for the owners. This transgression from established norms affected a fraction of total coca eradication, and was immediately addressed by instituting additional controls at the level of the regional offices to prevent recurrences in the future.

The three secondary activities played a key role in advancing the program towards integrated and sustainable development. They included the massive task of transferring over 600 infrastructure projects constructed as part of R379 commitments to municipal governments and the ministries of education and health; embarking on community development and communications effort in key communities with programs such as the “caravans for development” and “vision for the future”; and completion of land titling in the province of Padre Abad con conjunction with the Government of Peru’s Programa Especial de Titulación de Tierras.

Viewed from a strategic perspective, the third contract year represented a key turning point for the PDA, transitioning from a program focused on meeting voluntary coca eradication goals to one whose primary concern is to foster sustainable development and attitudinal change in favor of a licit lifestyle and economy. Building social capital, such as functioning community organizations and producer associations, strengthening local governance and providing new farming skills became primary program concerns. This change in program focus has also started to generate increased levels of satisfaction and adherence to the PDA among the beneficiaries. Expressions of gratitude to USAID and DEVIDA are becoming more frequent as beneficiaries begin to experience the benefits of their decision to abandon the cultivation of illegal coca. These changes are corroborated by surveys conducted by joint USAID, DEVIDA and PDA monitoring teams that reveal increased incomes among PDA beneficiaries and negligible instances of coca replanting among framework agreement signers.

## **Major Third-Year Program Activities**

### **1. Post Eradication Intervention in Tocache/Polvora.**

On May 17, 2006, as part of a \$6 million contract modification, the PDA began a pilot effort to bring alternative development to hard-core coca producing communities following forced eradication by the GOP’s CORAH. Following initial rejection, the PDA was able within three months to enlist 46 communities representing over three thousand families to sign no-replanting agreements in exchange for a comprehensive assistance program to help them transition into a licit economy and lifestyle. The magnitude of the program’s initial success encouraged USAID to undertake a second \$8.2 million contract modification to double the coverage of the post eradication development effort. By the end of the third contract year, 87 communities and approximately six thousand families had signed no-replanting agreements and were active participants in the program.

Keys to the success of the Tocache/Polvora post eradication experience, and now possible best practices are the following:

- Working with local governments and producer associations and hiring local staff quickly integrates the program into the local social fabric and gains acceptance and buy-in

- Patience and dialogue along with flexibility and willingness to listen to community priorities.
- Program benefits and support must be delivered without delay to ensure the loyalty and interest of skeptical populations.
- An aggressive communications program is key to dispel constant attacks from program detractors and reinforce the seriousness and commitment of the program
- Frequent visits from high-level USAID and regional/national government officials signal the seriousness of the program.
- Initiating program activities with an early group of willing families in a community leads to having other families gradually enroll.
- Temporary labor, focused on improving family farm productivity under the guidance of a trained technician, provides immediate income and access to subsistence crops within a short timeframe.
- Security is a primary concern and is ultimately provided by the program's beneficiary population. Gaining trust is gaining security.

A measure of the success to date of the post eradication effort in Tocache is the loyalty and resilience of the beneficiary population, despite serious GOP mis-steps, such as the signing of the "Acta de Tocache", a document suggesting the end of forced eradication. The vast majority of families that subscribed no-replanting agreements chose to stay with the program and wager on a licit lifestyle. This is a testament to the fact that many families that grow coca for a living are tired of the violence and insecurity that characterize coca growing areas and wish a permanent change to a licit lifestyle.

## **2. Fulfilling the R217 Agreements and Reinforcing Program Support for the R379.**

The PDA devoted major time and effort during contract year 2006 organizing the program benefits for the 217 communities that signed framework agreements during the 2005 voluntary eradication year. Due to the fact that voluntary eradication did not get underway in earnest until August of 2005, PDA Lima and field staff focused their attention on the eradication effort. This meant that the task of organizing and responding to the multiple commitments for implementing R217 infrastructure projects and productive activities got underway in mid January 2006 and continued well into mid year. Program benefits for the R217 communities consisted of approximately 120 infrastructure projects and the installation and maintenance of permanent crops, especially cacao, coffee, hearts of palm and African palm, and to a lesser extent seasonal crops such as rice, corn and cotton. By the end of 2006, the PDA was tending to most R217 commitments and most of the new commitments acquired during the 2006 voluntary eradication effort, involving 108 new communities.

The year 2006 was characterized by an important shift in program momentum that enabled PDA field staff to simultaneously undertake voluntary eradication activities and focus a major portion of their time and effort on working with program beneficiaries from the R379, the R217 and the new R108 communities that began signing framework agreements in 2006. This shift was of critical importance in the transformation of the PDA from a focus on voluntary eradication to one whose principal and growing concern involves sustainable development in vast and disparate territories. An important activity added to the program that was not part of the initial benefits package was help in post harvest processing, particularly for cacao and coffee, and to a lesser extent for African palm and

hearts of palm. This activity is also closely linked to strengthening producer associations and the formation of farmer committees at the community level. The program introduced the Acceso program with the sponsorship of 24 farmer field schools for cacao, which is now being expanded with an additional 56 training programs in all cacao growing areas.

Another major effort involved reinforcing the program intervention among the R379 communities with additional technical assistance and capacity building, including the installation of new permanent cash crops in areas that initially only receive short-term crops. In other instances it became necessary to renegotiate some program benefits that were long delayed due to environmental and other concerns. During this period, the PDA reinforced its working relation with local governments and defined as a policy to work almost exclusively with municipal governments for the implementation of new infrastructure benefits negotiated with the R217 communities. Most infrastructure projects required substantial counterpart from both municipalities as well as the beneficiaries themselves. The newly created local development teams also set to work on helping organize community-level maintenance committees to ensure and infrastructure projects receive proper care and maintenance. A greatly strengthened communications effort was also undertaken to strengthen local participation and ownership in the program.

### **3. Voluntary Eradication.**

The third major program activity involved meeting the voluntary coca eradication targets for both the 2006 calendar and fiscal years. This effort began systematically in February 2006 and continued during the entire calendar year. Drawing on lessons learned from years, the PDA made a major effort to shorten the time-lag between eradication and signing of framework agreements and the initiation of program benefits. This required quick action on the part of PDA technicians to design and formulate projects to be awarded by the Lima-based contract staff as grants or sub-contracts. While the start of 2006 benefits were not all awarded that same year to R108 beneficiaries to accommodate USAID's request to delay eradication of 1000 hectares until the last quarter of the calendar year (to meet 2007 fiscal year eradication goals), significant progress was made in shortening these lag times.

As mentioned earlier, the 2006 voluntary eradication effort suffered one serious problem that affected only a small percentage of the total area eradicated. This problem took place in the area of Puerto Inca in the Ucayali department and involved subdividing coca plantations with high density among several individuals to increase the number of eradication wages. When this situation became known to the PDA leadership it was halted immediately, resulting in the removal of the regional director from his position and the dismissal of four voluntary eradication staff. Improved controls were also installed to eliminate recurrences of this type of situation in the future.

In general the voluntary eradication effort in 2006 met all program goals and was executed smoothly.

## **Secondary Program Activities**

### **1. Transfer of Ownership of Infrastructure Projects.**

The difficulty and degree of effort to transfer approximately 600 infrastructure projects to municipal governments and the ministries of health and education far exceeded our expectations. By the end of the 2006 contract year, all 112 schools were formally transferred to the regional (Unidades de Gestión Local – UGEL) dependencies of the Ministry of Education and all 13 health posts had been transferred to the Ministry of Health. Of the bulk of infrastructure projects to be transferred to municipal governments, approximately 50 remain in process. While the transfer process has been extraordinarily taxing in staff time, it has also provided important dividends. Working with municipal governments, including mayors and city council members, has greatly strengthened program relations and ties to local governments. It has helped establish the basis for future maintenance of the infrastructure projects, by incorporating them into the roster of municipal properties. Part of the transfer process also involved working with community level maintenance committees.

Experience with the difficulty of transferring the R379 infrastructure projects prompted the program to take a different approach with all new infrastructure projects starting with the R217. A key step is to ensure a municipal city council resolution for the new construction (or rehabilitation of an existing infrastructure) as a first step. This ensures that the municipal government (or ministry) acknowledges ownership of the project from the outset, even before it is built.

### **2. Expanding the Communications Effort.**

During this third contract year the communications focus of the program shifted noticeably from an attempt to influence the national media to one that works more at the community, local and regional levels. While national efforts continue, such as the production of a television drama series on the social problems and violence engendered by coca production linked to narcotics trafficking, greater emphasis was given to working on building greater community cohesion, self-esteem and a positive attitude towards the future in a coca-free environment.

Communications staff in conjunction with PDA local development promoters initiated the “vision of the future” program in approximately 60 communities. This program involves the construction of a “maloca”, an open, round structure with thatched roof that serves as a community gathering place. This program has been very well received and is succeeding in helping to foster a greater sense of identity and community cooperation.

Another very effective program, started in the second contract year but expanded in 2006, is the “development caravan”. This is usually a day-long event organized with the municipal government, other USAID partners such as MSH, CEDRO, the Aprende program, and government agencies such as the Ministry of Health, as well as local entities such as mother’s clubs and neighborhood organizations (juntas vecinales). The purpose of the caravans is to provide a space for social interaction and sharing, education regarding the virtues of a licit lifestyle, demonstrations of culinary skills and handicrafts, sports, and primary health and dental care. The caravans have proven to be very popular and appreciated by the local population, giving them a sense of human worth and dignity.

The PDA has increased its work with the “network of communicators of the Peruvian Amazon”, a loosely based organization that brings together over one hundred communicators who live and work in the coca growing valleys. These communicators have been strong program allies, helping constantly to advance the merits and successes of the alternative development program. In very difficult areas such as Tocache, members of this organization have played a critically important role in counter balancing the negative propaganda and disinformation that is sponsored by the pro coca and narcotics mafias.

### **3. Completing the Land Titling Process.**

An enormous program achievement in contract year 2006 was the completion and distribution of over 3000 land titles in the Padre Abad province. The field work for these land titles was performed by PDA contract staff, but it became the responsibility of the Programa Especial de Titulación de Tierras (PETT) of the Ministry of Agriculture to verify, certify and register the land titles. The bulk of the titles (2543) were distributed in a massive ceremony in Aguaytía with the presence of the U.S. Ambassador James Curtis Struble, USAID director Paul Weisenfeld, the Minister of Agriculture and other high U.S. and Peruvian dignitaries. Since the ceremony the last of the land titles were completed and distributed to PDA beneficiary farmers.

### **Management Issues**

During this third contract year Chemonics succeeded in consolidating its decentralized regional structure by giving considerable program implementation latitude to the regional offices, and further reducing the size and role of the Lima office. The San Martin and Ucayali offices were further decentralized through the establishment of sub-offices with teams of professionals in local development, infrastructure and economic activities. In San Martin, in addition to the Juanjui office that remained in operation following the move of the main office to Tarapoto, teams of professionals were assigned to Chazuta and Lamas. In Ucayali, a strong team was assigned to the enhanced office in Neshuya, with teams also assigned to Campo Verde and Puerto Inca. The effort has been undertaken to place PDA staff as close as possible to their work sites and beneficiary populations. This strategy has greatly assisted the program to become more responsive to program implementation needs as well as areas that are engaged in voluntary eradication.

Recognizing the great importance of the district of Padre Abad, Chemonics decided to elevate the Aguaytía sub-office that was dependent on the Tingo María regional office to full regional office status. Today, the PDA has five functioning regional offices and six sub-offices that provide a much better coverage of the program among the more than seven hundred beneficiary communities. Communications capabilities were upgraded in all office for effective data transmission.

For its part, the Lima office, in addition to providing overall program direction and serving as liaison with USAID, DEVIDA and other Lima-based entities, has strengthened its administrative service center role. To ensure compliance with USAID as well as Chemonics practices and norms, the PDA has centralized the contracting process, financial and personnel management, property inventory management and procurement.

## The Security Environment

While security continues to be an issue of paramount concern for the PDA, security incidents and work stoppages due to social or cocalero unrest have dropped considerably from the levels experienced during the first two contract years. This is probably due to the increasing strength, legitimacy, acceptance and coverage of the PDA program in the coca valleys, with the exception of the VRAE. With growing numbers of communities becoming part of the program over vast areas, PDA staff has found itself increasingly working on friendly ground. The PDA has long known that its best security comes from the communities themselves where the program operates.

A second factor is probably the growing weakness and lack of unity of the cocalero movements. They seem less able to organize and sustain strikes and mass mobilizations than a year or two ago. The García government has been ambiguous in its defining and implementing a coca and counter narcotics strategy. However, it has been adept at confusing and destabilizing the cocalero movements. This does not mean that the narcotics interests in Peru have diminished. They appear to be concentrating in hard-core areas, such as the Monzón, the VRAE, and other expansion areas such as San Gabán in Puno and near the Putumayo in Loreto. Nonetheless, important pockets remain in San Martín and Ucayali that are likely to be future CORAH targets.

The program's main security concern centered on the post eradication intervention areas of Tocache and Pólvora. While exercising extreme caution for the protection of program staff, relatively few incidents of a potentially serious nature have been encountered. As the program has gained space and acceptance in Tocache, the security risks probably are diminished, though still very much present. To the north in Puerto Pizana, the Mishollo Valley and Sion there are areas still said to be controlled by drug Mexican drug cartels. To the south in the corridor from Yanahanca to Aucayacu Sendero Lumino stills maintains an active presence, as witnessed by the assassination of a CORAH worker during forced eradication in March.

The VRAE remains a highly dangerous area with both Sendero Luminoso and drug cartels active in the area. For this reason, beyond the 64 PDA communities that appear to remain loyal to the program, it has been impossible to expand voluntary eradication. The PDA is set to close its VRAE operations September 30, 2007 after having made a concerted effort to strengthen the licit production capacity of these 64 coca-free communities.

### Key Lessons Learned This ThirdYear:

- Ensuring that communities that eradicate coca on a voluntary basis remain coca-free and are firmly on the path to licit social and economic development is a long-term process that requires a sustained program presence.
- Voluntary eradication program benefits contained in negotiated framework agreements represent the initial incentive for communities to participate. However, the program benefits that will ensure sustained growth are less tangible and involve building capacity and social capital.
- It is usually possible to gain the allegiance of mayors and other local authorities, even those that initially opposed the program, through honest dialogue and concrete but

respectful actions that are clearly intended for the long-term good of the beneficiary population.

- Program benefits must conform to the productive vocation of the beneficiary population and not just what makes market sense. Whereas the driving force for economic development will be key short and long-term cash crops or cattle and dairy production, it is important to understand the logic of a peasant and small farmer mentality, particularly those that have migrated from subsistence economies in the highlands. Subsistence farmers require a varied productive base, including small animals that will ensure family survival independently of market forces. Subsistence farmers, over time, can evolve into successful market oriented farmers.
- One of the keys to successful rural development is working with and strengthening the capacity of local producer and small farmer associations from the outset, even if their professional competence is not the highest.
- The best community infrastructure projects are those that respond to the felt needs of the community and involve the entire community in their construction. These projects must also be part of the local development plan and have the full support and backing of the municipal government. The PDA can help with the design and some of the cost.
- Potable water projects are usually very complex and require constant maintenance in an environment with high rainfall. Communities must assume responsibility for the water system, but must also work closely with municipal authorities and the competent agency of the ministry of health.
- In post eradication work, it is important to enter with an integrated approach from the outset. Speed in implementing program benefits is essential. Temporary labor must focus primarily on increasing the production of existing family farms.
- Land titling is best left to the competent government agency. The PDA can support land titling through results-based subsidies and incentives.
- Program staff should live and work within reasonable proximity of the beneficiary communities.
- Program operations should be decentralized, but with adequate control mechanisms to ensure adherence to program norms and guidelines.
- Interagency complementation and synergy is a complex proposition that requires constant reinforcement and the building of good will.