

QUARTERLY REPORT

(JULY - SEPTEMBER 2007)

PERÚ ALTERNATIVE DEVELOPMENT PROJECT

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CHAPTER I: CONTEXT AND CHALLENGES

A. Introduction

Throughout the course of development of PDA activities, it is important to constantly analyze the context in which these are being carried out and examine the way in which the challenges affecting security are being addressed. To this end, the program takes action to monitor security in PDA's areas of intervention, prevent risky situations that could potentially affect regional activities, provide information on the political, social, subversive and delinquent 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 July – September 2007 quarter and the situational conditions of the coca basins within PDA's areas of intervention.

B. General Situation during the Quarter

In this third quarter of the year, no violent actions by Sendero Luminoso (SL) against the National Police (PNP) or against anti-drug organizations were reported. Instead, subversive activities were limited to their internal reorganization, the distribution of propaganda and generally circulating in different areas to protect the drug carriers traveling along the country roads on route to the coast. There was however one event which involved the killing of five (5) members of the © Omar faction, known to be collaborators of the Armed Forces. The Police mounted a large-scale operation (known as 'Tormenta 2007') arresting mid-rank SL supporters and/or collaborators. This effort was in fact not as forceful a blow to SL as was originally thought, since it does not seem to have affected the organization's military capacity. Some of the individuals arrested in this operation were released after the preliminary Police investigation.

CORAH's forced eradication efforts triggered a reaction from the coca-farmers, who placed hidden booby traps in the ground injuring a number of CORAH workers. There were no strikes, despite the determined efforts of the coca-farmer unions. These never materialized due to discrepancies and lack of leadership among union leaders. The aim of these intended strikes was to halt CORAH's forced eradication efforts in the Province of Padre Abad and Tocache.

There has been a considerable upsurge of common delinquency in Ucayali, San Martín, Vrae, Tingo Maria and Aguaytía (not in Tocache, however, where common delinquency decreased during the quarter). Counter-drug activities by the PNP were significantly cut back. Some small shipments of cocaine and cocaine paste were confiscated along the highways and roads but certainly not in the amounts that are considered proportionate to the overall drug production.

The Peruvian government extended the State of Emergency to October 20, 2007 in the six (6) provinces of Huánuco, San Martín and Ucayali. The police, supported by the armed forces, have been instructed to control the main access routes and carry out random interventions in areas known for hosting terrorists. Apart from this, PDA employees were able to carry out their field activities normally.

C. Situational Analysis of the Coca Basins

C1. Regional Office of Ucayali

- **Socio-Political Situation**

The General Indefinite Strike organized by FREDEU (26 June to July 6) was suspended following a number of union leader meetings where it was agreed to put the strike on 'hold' and only reschedule the strike if Central Government failed to attend to their demands. Moreover, the differences of opinion and general discrepancies existing between the President of the Regional Government of Ucayali, Jorge Velásquez Portocarrero and the Secretary General of the Frente de Defensa de Ucayali (FREDEU), Rómulo Coronado Calderón, have also mounted. The President of GOREU accepted the elimination of tax exonerations after obtaining the support of Central Government. While FREDEU has drawn up a series of proposals to present to Congress seeking to repeal the law to eliminate tax exonerations, by virtue of legislative decrees 977 and 978. Congress members pledged to support this project when the time comes to debate it in Parliament.

The coca-growers union has not introduced any major changes in the wake of the election of CONPACCP's new Secretary General, Pedro Pérez Baylon. District leaders (Irazola) organized a strike but this never got off the ground. The aim of this strike was to reject CORAH's ongoing eradication operations. The local population is standing by expectantly and the operations are being carried out normally. On the other hand, there have been a number of other social manifestations such as protest marches orchestrated by unions of the education sector demanding more jobs and the assignment of hired teachers; marches organized by health sector unions, who want their salaries validated; and marches organized by transport unions who refuse to be relocated to a terminal located at km 10 of the Federico Basadre Highway.

- **Subversive Situation**

Although there have not been any reports of terrorist activity during this quarter in Ucayali, SL is currently engaged in reorganizing their bases and indoctrinating new recruits.

- **Situation of Common Delinquency**

Common delinquency in Ucayali rose in the reporting quarter. Assaults have taken place mainly during the day, in the city's central areas and streets. Common delinquents are becoming more violent. There have been a number of assaults targeting entrepreneurs, some of them with fatal consequences; the incidence of car thefts has also risen. Efforts made by the Police to stop this situation have been unsuccessful and the local inhabitants are frightened and concerned. There have been a few sporadic attempts to assault passengers traveling on busses and other means of public transport, along the stretch running between km 89 -102 of the Federico Basadre Highway, in the area of Von Humboldt.

- **Situation of Narcotrafficking**

The PNP's anti-drug specialized forces carried out a number of intervention operations in the reporting quarter, particularly along the Ucayali River as this is the river preferred by narcotrafficking firms to transport drugs, primarily cocaine paste. They export the drugs to Brazil in barges and boats, camouflaged under wooden logs, food provisions and other merchandise. Additionally, personnel working for the Anti-Drug Department (Departamento Anti Drogas (DEPANDRO)) carried out intervention operations along the Federico Basadre highway, searching busses and smaller passenger vehicles (colectivos). They confiscated significant amounts of drug and arrested a number of individuals involved in this type of illicit business. We have received tips on a series of other drug-processing locations (considerable amounts of cocaine paste being produced) in the areas of Yuyapishis (Province of Puerto Inca) Ciudad Constitución-Puerto Bermúdez-Pasco.

C2. Regional Office of San Martin

- **Socio-Political Situation**

In the Region of San Martín there have only been reports of a protest march promoted by FRECIDES and a strike organized by SUTEP. No violent incidents associated with any of these two incidents have been reported.

The delivery of 68 million Nuevos Soles from tax exonerations to the Region of San Martín, brought calm to this region as it confirmed Central Government's compliance with what it had offered to the Regional President.

The dispute against Doménico Espiridigliozzi, an Italian citizen accused of indiscriminate logging in the area of Chazuta, has caused an uproar in San Martín, aggravated even further by his fierce confrontation with the Mayor of Chazuta.

- **Subversive Situation**

As in the previous quarter, there have been no violent episodes related to SL or the terrorist movement of Tupac Amaru (TA) in this region.

The Police has still not been able to put a stop to the ongoing radio-tapping being carried out by alleged SL supporters. All radio conversations being held by staff working for IIRSA NORTE, the company in charge of executing road works on the Tarapoto – Yurimaguas highway, are being intercepted by individuals demanding 'quotas or death'. The investigations completed so far, suggest that this in fact not the work of SL but rather of common delinquents since it is a very common tactic among common delinquents in this part of the region.

- **Situation of Common Delinquency**

Common delinquency in the Region of San Martín escalated alarmingly in the reporting quarter. Among the more notable episodes this quarter were the numerous assaults along the FBT highway; the murder of a businessman just a few blocks away from the city center (half a block from the Prosecutor's Office) and the attack against a well-known lawyer in Tarapoto, both carried out by mercenaries; assaults targeting

state-owned companies and entities (PEHCBM and Bco. de la Nación in Picota), which involved the participation of common delinquents who traveled here from Lima and other parts of the country, and the extortion of entrepreneurs and Mayors of the region (directed from prisoners in jail).

- **Situation of Narcotrafficking**

The PNP's anti-drug specialists continued carrying out joint operations. These were on the whole successful as they managed to confiscate shipments of cocaine paste along the FBT highways (in the area of Dist. de Juan Guerra) and at the junction where the FBT highway meets the road to Lamas. Additionally, they confiscated nearly 10 kg of chemical supplies used to produce cocaine paste.

C3. VRAE Office

- **Socio-Political Situation**

The Confederación Nacional de Productores Agropecuarios de las Cuencas Cocaleras del Perú (CONPACCP) held the "VI Congreso Nacional Unitario del Campesinado Cocalero del Perú" (September 10 -15) in the city of Trujillo. A number of survival-related definitions and decisions were made. Pedro Pérez Baylon, the Aguaytía coca-union leader, was elected Chairman of the Board for CONPACCP in his capacity as the union's newly elected Secretary General. Pérez Baylon, together with another 14 leaders, now comprise the new Board for the 2007 – 2008 period. Nelson Palomino La Serna on the other hand, has broken off relations and his leadership position with the axis formed by the Alto Huallaga and Aguaytía, while also splitting from FEPAVRAE, the coca-farmers' organization which was his initial launch pad before he went nationwide. As far as the coca farmers are concerned, the Congress was highly successful: it helped to strengthen the CONPACCP's structural organization while marking the triumph of Elsa Malpartida and Nancy Obregón.

- **Subversive Situation**

During the reporting quarter, SL insurgents have been working intensely in the areas adjacent to the VRAE, and have been visiting a number of small towns in the provinces of Huanta and La Mar-Ayacucho, Satipo-Junín, Tayacaja-Huancavelica and La Convención-Cusco. Their presence was most significant in the small towns located in the districts of: Satipo, San Martín de Pangoa, Río Tambo, in Huanta, Santillana, in La Mar in Santa Rosa, Tambo, Anco, Ayna, San Miguel and in the area belonging to the jurisdiction of Huancavelica in Surcobamba, Huachocolpa, Tintapuncco, Chinchihuaso.

- **Situation of Common Delinquency**

Common delinquency has been on the rise during the past three months. Since there is absolutely no Police presence in the region, delinquents from different areas within the VRAE are free to assault, steal and commit acts of armed robbery and go unpunished.

- **Situation of Narcotrafficking**

Coca-farmers are outraged by the continued interdiction efforts to destroy the maceration pits in the Apurímac and Ene valleys (VRAE). The VRAE has not only become a center of operations and route for narcotraffickers, but also a base for the armed factions of narcoterrorism. The constant interdiction operations undertaken by the VRAE's Police Front has caused a drop in the price of coca-leaves, which in turn has forced coca-farmers to abandon the area, leaving behind their maceration pits and piles of dry coca leaves.

C4. Regional Office of Tingo María

- **Socio-Political Situation**

President Alan García Pérez and the Premier Jorge del Castillo visited Huánuco and launched a comprehensive program known as "Creceer", (to Grow) declaring that the Law of the Amazon was revoked because it only benefited smugglers and not the people. The Regional President supported President García on this, and this generated opposition on the part of a number of authorities and leaders of different organizations. Summed to this was the strike organized by the CGTP-Base Huánuco and the protests by SUTEP in Tingo María, in addition to protests by the union of motorized-taxis, PPJJ Brisas del Huallaga and Afilador against the Mayor, Juan Picón Quedo.

The "Coca Farming Problem" work table (mesa de dialogo) lost importance due to the absence of some of its members and the Strategic Plan has still not been drawn up. The CENACOP announced that it would be carrying out an Indefinite General Strike, demanding the immediate cease of eradication activities. This was later postponed due to the earthquake that devastated the south of the country and also due to the lack of consensus among its leadership, who turned against Eduardo Ticerán accusing him of being a traitor.

Tingo María and Aucayacu were affected by gale force winds, torrential rain and hailstorms, damaging dwellings and destroying crops in Aucayacu.

- **Subversive Situation**

Sendero Luminoso activists carried out agitation and propagandistic activities in the villages of UTC Bambú, San Martín de Pucate, San José de Pucate and Bolognesi (Aucayacu). In July and August insurgents © LEE, JL and IRIS, intensified the deployment of SL's Base Force militants, towards Magdalena, Huamuco, Yanajanca, Consuelo, Gozen, Los Cedros y Corvina. Although there were no incidents reported against the Armed Forces, SL supporters assisted peasants in placing booby traps in Alto Molope and Pavayacu. This resulted in three CORAH workers being seriously injured while carrying out their normal eradication tasks. In San Francisco, Ramal de Aspuzana and km 14, five (05) individuals affiliated to the group of rebels directed by © OMAR were killed in a terrorist vendetta (two different terrorist factions, one which collaborates with the PNP).

A number of SL insurgents were arrested in August, in the Valle del Monzón, Gozen, Magdalena and Pucayacu. Three of them were ex security guards responsible for protecting © ARTEMIO.

- **Situation of Common Delinquency**

The incidence of common delinquency in Leoncio Prado has risen in the reporting quarter. There was a report of the murder of a resident of Incari and also the killing of a driver in the village of Los Cedros. Assaults are an everyday occurrence along the Tingo María - Huánuco highway, particularly in the Cuevas de la Pavas sector. Assaults along the Fernando Belaunde Terry and Federico Basadre Highways however, diminished.

- **Situation of Narcotrafficking**

Illicit drug trafficking activities also spiked compared with the previous quarter, mainly as a result of fresh financing by new international organizations (Mexican, Colombian and Bolivian). The areas producing most drugs are: Valle del Monzón, Aucayacu, Supte San Jorge, Tambillo and Yanajanca, despite the ongoing land and air counterdrug operations being carried out by the Antidrug Directorate, whose duty it is to locate and destroy laboratories and maceration pits and confiscate all chemical supplies used for processing the drug.

C5. Regional Office of Tocache

- **Socio-Political Situation**

The quarter started with a teachers' strike and constant protest marches in the city. As a desperate last resort, the coca-farmers accused CORAH's security staff of raping a minor. The case is undergoing investigation.

As of July 27, PNP Commander Néstor Sotomayor Gonzáles, was appointed new police commissioner for the Province of Tocache. Sotomayor promised to address the problems of street gangs, prostitution, fuel smuggling, narcotrafficking and to close all clandestine bars. So far, he seems to be keeping his word, and this is well-received by the people of Tocache.

In August, Tocache was affected by gale force winds and torrential rains, leaving many people homeless (109 in all). The municipality's Civil Defense division provided those affected with tents and food supplies.

In July, the provincial and district-scale Mayors held a public meeting to present their quarterly report of their time in office, according to Municipal law.

There have been continuous rumors predicting a possible coca-farmer strike in Tocache, but there are too many discrepancies and power-plays between the Association and the Federations, caused largely by ambitious leaders all seeking political recognitions. Following the VI Coca Farmers Congress in Trujillo, the coca-farmer's union held a closed-door meeting in Tocache. During that meeting it was agreed upon to proceed with the Indefinite General Strike scheduled for September 24. The strike was a failure as it lacked support of many coca-farmers. PDA's presence in these areas has been a critical factor.

- **Subversive Situation**

Groups of SL militants have been moving around both sides of the river Huallaga, especially in July and August. This increased terrorist presence here is the result of an intensified CORAH and DIRANDRO presence in the southern sector, particularly in the district of Cholon, province of Leoncio Prado, region of Huanuco. On the right margin of river Huallaga, they have been seen in Nuevo Jordán, Cedro and Santa Rosa de Mishollo where they gathered a group of people on July 23, and painted slogans on walls.

- **Situation of Common Delinquency**

Assaults along the Fernando Belaunde Terry Highway from Tingo Maria to Tocache have been considerably reduced due to the ongoing activities of the Highway Police (POLCAR). The same however, cannot be said for the Tocache-Juanjui route. Here there have been reports of various assaults in the places known as “Palo blanco, Curva del Diablo y Cocha Apestosa”. The PNP has broadened its area of control in an effort to halt this trend. The Mayor of Tocache, Mr. David Bazán Arévalo was extorted by SL insurgents who forced him to pay quotas. Additionally, local residents are worried about the increased rate of rape involving minors.

- **Situation of Narcotrafficking**

In July, CORAH eradicated coca plantations in CPM de Madre Mía, in the District of Progreso. The DIRANDRO on the other hand, destroyed a number of maceration pits. Challuayacu, in the district of Pólvora, also saw the blasting of maceration pits. The district of Pólvora continues to be a major narcotrafficking center, specifically the localities of: Pizana, Santa Rosa de Mishollo, Cachiyacu and Buenos Aires. There are a number of different Colombian firms working in the area, supported by coca-farmers and peasant patrols that help them collect the cocaine paste. On August 23, DIRANDRO set up a base on the higher ground of Santa Rosa de Mishollo from where they detected and destroyed a good number of maceration pits (15 de Junio, Pucara and Villa los Ángeles). They are still searching for more in the area.

C6. Regional Office of Aguaytía

- **Socio-Political Situation**

Apart from the last protest march organized by the coca-farmers union (September 29), rejecting CORAH’s forced eradications in the districts of Irazola and Padre Abad being carried out since August, and in the wake of the suspension of the region-wide Indefinite General Strike organized by the Regional Government of Ucayali (GOREU) and the Frente de Defensa de Ucayali (FREDEU), there have been no other strikes or protests reported in the area.

The former mayor, Tony Tang Gonzales, has been in office for 8 months so far, and has gained the support of the people of Padre Abad as their governor, largely because he has managed to obtain over 37 million Nuevos Soles from both Central Government and the Regional Government for the execution of a number of projects

in the province. The largest-scale projects are the water and sewage project and the project to construct a hospital for Aguaytía. He is also very busy paving the city's streets and other dirt roads, equipping municipal medical facilities, carrying out a health campaign and building water treatment plants in the towns within his jurisdiction.

- **Subversive Situation**

Subversive activity has only been minor in the area in the reporting quarter. Insurgents have been seen traveling around the Cordillera Azul towards Tingo María. We were informed that they were protecting drug runners headed to Tingo María. As we know, SL remnants coming from the Alto Huallaga use this geographical area as a resting place and as a place where to charge quotas from the drug firms operating in this jurisdiction. This would seem to suggest that their presence in this particular area is more economically than politically-motivated.

- **Situation of Common Delinquency**

Seven crimes were reported in the reporting period, in connection with vendettas. There were also some sporadic taxi thefts reported. The local inhabitants are alarmed and concerned about the escalating rate of delinquency and the Police have responded without delay, managing to capture a gang of car-dismantling thieves from the city of Pucallpa. It is rumored that there is to be an influx of people with police records coming into Aguaytía from other parts of the country (Pucallpa and Tingo María), disturbing the tranquility of Aguaytía.

- **Situation of Narcotrafficking**

The jurisdiction of the Province of Padre Abad quickly seems to be becoming the new drug center for the regions of Ucayali and Loreto, taking over this position from the regions of Huanuco and San Martín, which have so far been the main centers for drug distribution. This is in part due to the fact that, in view of the total absence on the part of the State in many parts of the country, the mafias both promote and take advantage of this situation to carry out their illegal business.

The narcotrafficking boom in the areas surrounding the Valle de Shambillo and on the right and left margins of the Aguaytía River (upstream and downstream), is enticing some families not only to engage in growing coca plants but also to learn how to process the leaf to produce drugs.

Most of the drug confiscated train drug runners or 'burriers' in Pucallpa or Tingo María, comes from the area of Aguaytía.

D. Lessons Learned

- We must maintain and improve communications with the different work areas within the company.
- It is important to follow-up the complaints and claims made by the communities affiliated to the program in order to improve the security processes.

- We should continue to foster close relationships with the authorities and farmers in the communities, 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 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.
- Provide ongoing training for 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.
- Reinforce the communications network in the regional offices in order to obtain quick, direct and accurate information.

F. Recommendations

- Coordinate security activities with other security areas inside and outside the company (USAID partners), to better execute security plans.
- Share information on regional situations with other security areas outside the company (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 correct field 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.

- Lack of planning and provision in the regional offices with respect to some PDA activities obstructs the security actions designed to minimize risk for personnel.

Outlook for the Future

- It may not be possible to complete the field activities or they might have to be eliminated from the program altogether (very suddenly in some cases) if the newly elected authorities who are currently in office, get violent and insist on opposing our work. It might be necessary to change our MO/activities if it is no longer safe to work in the regions or in cases where the PDA has not been able to fulfill its obligations in favor of the communities.
- 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 negligible 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 the last 2 years. In this context, the outlook for the future is one of heightened insecurity for PDA personnel.

CHAPTER 2: LOCAL DEVELOPMENT

1. Introduction

During the III quarter, Local Development focused on consolidating a number of objectives such as: supporting community management, local government management and SAP (potable water system) sustainability. Our work involved the participation of organized communities, local and municipal leaders and authorities.

Main achievements

Specific Objective 01: To ensure the participation of inhabitants, leaders and local authorities in the implementation of PDA-committed works/projects under the respective Framework Agreements.

The activities carried out in the reporting quarter have contributed to boost the participation and leadership of local inhabitants in the execution, operation and maintenance of the PDA-supported projects.

- Fifty-six sensitization workshops were held to persuade local inhabitants to become involved in PDA's development activities. The workshops were held in San Martín (17), Tingo María (4), Tocache (6) and Ucayali (29), and included the participation of 1,480 people, such as authorities, leaders and community social organization representatives. Some of the subjects addressed included: i) leadership and conflict resolution, ii) values and responsibilities, iii) community management and participation, iv) protection of natural resources, v) maintenance Committees. Our intervention in this respect helped to strengthen the capacities of the authorities and leaders of the signatory communities.
- We obtained a community contribution worth 1,889 wages, through community projects (S/.57,621.76 for the construction of infrastructure projects).
- Thirty-three project Maintenance Committees were formed: 13 in San Martín, 3 in Tocache, 4 in Tingo María, 3 in Aguaytía, and 10 in Ucayali. We continue to promote community participation for the maintenance of all PDA-financed infrastructure projects, through community work projects and by supporting the JASS in small-scale fund-raising activities.
- Local Development is effectively present in 580 communities within PDA's target areas. These communities continuously receive updates on the progress being made through information cards and work meetings. This ongoing practice has become an opportunity for public participation, negotiation and feedback between community members, local government and the PDA.

Regional Office	Contribution Wages	Contribution S/.
San Martin	1506	45,180.00
Tocache	106	4,309.04
Tingo Maria	186	5,460.96
Ucayali	91	2,671.76
Total	1,889	57,621.76

- In the RO of Tocache, LD has continued to implement specialized projects: medical posts, young entrepreneurs and support to rural women.
- The project to support Young Entrepreneurs is currently in implementation. The initiatives being implemented with young people in Tocache include: 11 pig modules, 8 guinea pig modules, 5 bee-keeping projects, 12 fish farming projects, 3 bread making projects, 4 forest nurseries, 1 chicken breeding module, 3 egg-laying hen modules and 1 dairy product project.
- Regarding implementation of medical posts, MSH is making headway with the construction of the small buildings. For this they have the active participation of communal Neighborhood Committees, and health promoters have been designated although not yet trained.
- As far as the "Support for the Rural Woman" project is concerned, we carried out a number of training shops and have selected the 20 organizations that need strengthening. LD achievements also included the selection of 35 income-generating initiatives through a competition organized by the Municipality of Tocache.

Projects	Goal	Progress made
Young Entrepreneurs	48	In implementation
Implementation of community medical posts	21 medical posts	In implementation
Support to rural women in Tocache	20 Organizations 35 Initiatives	In implementation

Specific Objective 02: Secure the participation of producer organizations to reinforce the sustainability of PDA's Economic Activities.

- Five training workshops were held in the RO of Aguaytía. These were in fact co-organized with AE and CAC La Divisoria and addressed themes such as the quality of coffee, coffee-tasting methods and the cultural aspect involved in the production of coffee. The benefits of forming or joining associations, and the importance of switching to legal lifestyles were also emphasized. Attendance was high in all workshops.
- In Aguaytía, the drafting and approval of the by-laws and regulations for the dairy farmers in Huacamayo was completed. What still remains to be done is to register them in the public registry and submit them to the FONGALU (Fondo de Ganaderos Lecheros de Ucayali).
- In the VRAE, we carried out a diagnostic to determine the strengths and weaknesses of the Asociación de Productores Tecnificados (APTEC) de Villa Virgen, conjunctly with the Association's directors. This has contributed to strengthen the institution.
- We organized 3 special coffee producer committees (Chancadora, Hidayacu and 03 de Octubre), following an information talk on the importance of forming organized groups before becoming part of the CAC Divisoria. This activity was carried out jointly with the Economic Activities component and technicians employed by CAC La Divisoria.
- In Tingo María, Local Development formulated a Strengthening Plan to improve the positioning of CAC La Divisoria's coffee in the local and international markets, and thus ensure the sustainability of PDA's community investments in the coffee-growing areas of the province of Leoncio Prado.

- In San Martín, we are currently implementing and training the members of 14 committees of coffee producers on cooperative work and the rights and obligations of native communities.
- We took part in organizing the III Taller Regional Andino del Cacao (III Andean Regional-Scale Cacao Workshop) and the V Encuentro Nacional de Cacao (V National Cacao Meeting) held September 19 -21. The aim of these events was to promote the exchange of experiences among Andean countries on cacao farming techniques, organizational strengthening, technological research and transfer, market trends and to contribute towards the application of the knowledge acquired from the plots of participant cacao producers. Workshop participants included members of the technical cacao table, APP Cacao, IICA, ACCESO, Cámara Nacional de Café y Cacao, and others.
- Eight training workshops were organized in San Martín; 84 people among leaders and rice and cacao committee directors took part. Some of the subjects addressed included: Leadership, self-esteem and basic management tools.

Specific Objective 03: Involve the Municipalities in the implementation of PDA activities being carried out in signatory communities (under framework agreement/agreement charters).

- A number of PDA activities are carried out conjunctly with local governments, in an effort to get them to commit to ensure the sustainability of PDA-financed projects. Main quarter activities included:
- Training and providing specialized technical assistance through 7 external consultants specialized in SIAF (Sistema Integrado de Administración Financiera). Together we are coordinating and monitoring the work as a means of supporting the planning, accounting and budget planning of 37 Municipalities.
- The 2008 Participative Budget process was successfully completed with the signing of the agreement formalization charter, in the presence of the various community representatives. We also assisted with summoning, conforming and training the blue ribbon committee for the 2008- 2009 Participative Budget.
- Three training workshops were held in Aguaytía on “Strategic Municipal Management and Local Development” directed at the newly elected municipal authorities: mayors, councilmen, administrative personnel and community authorities working for the municipalities in charge of towns, in an effort to improve the municipalities’ management and administration management capacities.
- In Aguaytía, we have been supporting the Municipality of Padre Abad, through an external consultant, for the preparation of 6 road project profiles using the SNIP (Sistema Nacional de Inversión Pública) format. We also provided instruction for Municipal officers and technicians on the regulatory framework and basic criteria for preparing SNIP profiles. This should enable them to obtain State financing for the execution of different projects in the province of Padre Abad.
- In Tingo María, we have supported 4 Municipalities for the preparation of 4 investment project profiles, using the SNIP format, with external consultants.
- Seven Council Agreements were obtained from the Municipalities in Ucayali and Tocache for the sum of S/. 53,800.00 and S/. 859.00 respectively.
- We have provided advisory services to 5 Municipalities, to teach them how to render accounts. This has contributed to strengthen public participation and social surveillance. We were also invited by the Municipalities to help out with account rendering at district level and to provide more information on PDA intervention.

Specific Objective 04: Coordinate State/private sector presence in the communities and districts comprised within PDA's intervention areas (State services platform/ opportunities for the private sector).

- Work was coordinated with the Economic Activities component, MINAG, INIA, SENASA, DIRCETUR, Municipalities, Caritas, Cooperatives, IMSA and private companies, for the regional-scale III Concurso Nacional de Cafés de Calidad (III National Competition of Quality Coffees) held in Lamas, Tocache, Tingo María and the VRAE.
- In Aguaytía, we are working on the SAP's Sustainability Plan together with the health network and the area responsible for environmental remediation. The staff in charge of the medical posts is also taking part actively in this plan, helping us to create awareness in the people on the importance of consuming safe water.
- Preparation of a baseline for parasites so as to determine to what extent the SAPs are helping to reduce the incidence of this disease. Medical posts in Aguaytía, Tocache and Ucayali, have managed to collect samples from children and adults in the 37 SAP communities to analyze for parasites. The results will be evaluated over the next 6 months. All of the SAPs in operation are now equipped with hypo chlorinators so as to measure the impact of consuming safe water.
- We have coordinated with the Programa Nacional de Saneamiento Rural (PRONASAR), so that they can complement PDA's work in communities with SAPs, by accompanying and training the JASS and providing information on the work experience in that area.
- In the Regional Offices of Aguaytía and Pucallpa, and after many months of negotiations with Aguaytía Energy, we have finally managed to obtain the approval to convert 9 gasoline-fueled generators (in 9 communities) to GLP gas.
- Worth mentioning too, is our intervention in the Proyecto Especial del Alto Huallaga (PEAH), (Alto Huallaga Special Project) for the execution of a project to rehabilitate and improve the La Florida- San Agustín country road.
- In San Martín, Local Development supported the community of San Juan de Talliquihui, with the negotiations to obtain financing from FONCODES and the Municipality of Zapatero to prepare a plot of land and construct a gathering center.
- Coordination activities with health promoters of the districts of Caynarachi and Barranquita to assist beneficiary families to implement in-house bathrooms. The results of this co-effort being carried out with the health sector will be included in next quarter's report.
- A series activities associated to a civic campaign entitled "Identificándome con mi pueblo" (Identifying with my People) were developed jointly with local governments, the RENIEC and R379 signatory communities. The purpose of this campaign was to assist undocumented signatory community members in obtaining their Identity Cards or renewing their ID's, as applicable, due to loss, expiration or change of address. This campaign also contemplated the distribution of birth certificates for both adults and children, by local governments.
- Support and coordinated work with the health sector (health services network – San Martín) and the Municipality of Huimbayoc for the execution of the pilot project "Juntos contra la malaria" (Together against malaria) designed to eradicate and control the disease in signatory communities.
- Local Development provided assistance to the Asociación de Productores Unión y Desarrollo de Barranquita, for the preparation of a project entitled "Pequeños productores rurales ingresan a la producción diferenciada del cultivo de cacao, en el

Distrito de Barranquita, San Martín” (Small-scale rural farmers incursion into specialized cocoa farming in the District of Barranquita, San Martín), for a total amount of S/. 249,072.00. We also helped them to submit the project to INCAGRO for financing. The association is contributing 40% of the cost. This work was carried out with the 80 Association members, the Municipality of Barranquita, the Mesa de Lucha contra la Pobreza (Fight Against Poverty Panel), the Catholic Church and CADES, the consulting firm, and the idea is to produce special value cacao.

- We continued to take part in public-private events such as the technical meetings for cacao, hearts of palm and coffee, providing technical information and facilitating interinstitutional efforts. As far as the cacao technical panel is concerned, we have been working with them to draw up a prioritized PIP for 2008, with funds from the Regional Government of San Martín. This is designed to improve the competitiveness of the cacao production chain, over a 3-year period. The total budget for this is S/. 3´438,558.00. The budget assigned for 2008 is S/. 900,000.00
- We carried out coordination work and executed joint activities with Electro Oriente, the Municipality of Pajarillo and signatory communities who are beneficiaries of the primary and secondary electrification project. Work consisted in forming and training local electrification committees who will be in charge of collections, and the maintenance of electric posts and cabling.
- Coordination work was also carried out with the IIAP and the Dirección Regional de la Producción (Regional Directorate for Production) for the development of conjunct activities i.e. fish-farming projects (breeding of paiche, gamitada and tilapia) in signatory communities in the Districts of Saposoa and Pachiza.

Specific Objective 05: Smooth the progress of activities being carried out by other USAID contractors and PDA operators in the program’s areas of intervention.

Coordinated work with all of USAID’s contractors has allowed us to attend to over 568 communities in the course of the reporting quarter, making a significant contribution to sustainable development. Main activities include:

- Developing “The Water Problem” forum in the town of Anchiuay (VRAE); participants included 25 representatives of the communities located south of the VRAE, in addition to MSH and MINSA agents.
- Periodic meetings with USAID operator representatives, especially with those of APRENDES, CEDRO, PRODES and MSH for the co-development of joint activities. A number of activities had to be aborted due to USAID budget cuts.

Regional Office	Nº of Communities attended with other USAID contractors
San Martín	273
Tocache	36
Tingo María	31
Aguaytía	57
Ucayali	171
Total	568

Specific Objective 06: Ensure the sustainability of the Potable Water Systems (SAPs) – Joint PDA-MSH action plan

PDA and MSH are executing a joint plan to ensure safe water consumption in the communities in the long-term. Progress has been made with respect to:

SAP infrastructure

- Rehabilitation of 12 potable water systems - now working efficiently.
- Support for training 510 operators and Municipal technical personnel who will be in charge of giving maintenance and repairing the water systems.

Potable Water System Management

- Ninety-three JASSs have been established in 93 communities. Of these, 19 have already been approved by the local governments and 85 have had their respective regulations approved in communal meetings. The regulations include the payment of quotas for the service and certain obligations with respect to water usage and consumption.
- LD provided assistance for the preparation of 31 JASS Annual Management Plans. This has helped them plan their tasks and improve SAP sanitation.
- In the case of the VRAE, MSH will continue to provide support to local governments in their reconnaissance processes, and will continue monitoring and following-up the activities programmed by JASS members up until December.

Advocating healthy lifestyles

- Five radio spots were transmitted through local radio stations; these are also being supplemented with other radio and TV messages.
- Two puppet/theatre shows were organized in the VRAE in the communities of Anchiuay (Anco) and Machente (Ayna). These focused on sensitizing and promoting healthy behavior and respect for the environment.

2. Constraints:

- In Aguaytía, CORAH's presence in the area is affecting our field work. Anti-PDA sentiment on the part of coca-farmer organizations and the local media, is putting the pressure on mayors and civil servants to stay away from the PDA.
- Coca-union leaders, at regional, district and community scale, launched a mega pro-coca farming campaign in response to the eradication measures programmed for the District of Irazola, Province of Padre Abad. This brought about a climate of opposition towards the PDA, to the extent that it was impossible for us to visit these communities during this last month. We did however try to get the message across, through the local governments, that the PDA is intent on fulfilling its commitments.
- The public sectors working in the areas (health, education, agriculture, etc.) do not have decision-making capacities and this is preventing us from making joint-project decisions.
- The information that we have in the system, showing the status and progress being made by the various projects is not always updated and this makes it difficult for us to provide timely and correct information.
- There are only very few public and private social programs that address the theme of development. This, coupled with the under participation of women in PDA's areas of intervention, makes it difficult to work with wholly- integrated communities.
- The paternalistic attitude of some of the institutions interferes with the development process in general, and incites the beneficiaries to demand immediate benefits.

3. Recommendations:

- Continue strengthening our work with local governments and give more attention to work with regional governments.

- Constantly look out for any opportunities offered by private companies, programs or state projects in the area, so as to join efforts with them or supplement their work.
- Continue strengthening the work with local governments, and try and intervene politically with regards to social issues involving the economic, political and social development of the districts and communities involved in the Regional Development Plan.
- Carry on working with USAID operators and the development programs financed by other cooperation agencies in an integrated, well-coordinated fashion, so as to cause a greater impact on the communities.
- Encourage the signing of cooperation agreements with public institutions so that these may become involved in PDA-promoted activities that are related to their line of work.
- Continue to accompany the communities so as to heighten their awareness and get people involved in the development process, as one that requires the active participation of the communities, their leaders and base organizations, as well as that of local and regional governments and public and private sectors operating in the area.

4. Lessons Learned:

- The information meetings provide an opportunity for dialogue through which residents can propose initiatives and to improve the implementation of PDA activities and become more involved.
- Public sectors (Health, Education, Agriculture, Universities and others) are willing to take part in PDA-supported activities provided they are compatible with the objectives on their own business agendas.
- PDA-participant families are sensitive to the slow-pace of project implementation and this creates a sense of overall mistrust among community members.
- The idea of committing to provide labor and other available resources for the execution of PDA-supported projects is usually rejected by the communities at first, but once the projects have been executed, set the example and show how organized communities are perfectly capable of solving their problems.
- It is necessary for the grantees and institutions in charge of providing technical assistance to fully understand that the purpose of the program is to encourage rural families to believe in themselves and realize that in time, will be capable of identifying and solving their own problems. This will help to make the farmers become more independent.
- Projects should be prioritized according to a communal base plan which considers the following criteria: “the project must benefit the majority of the population”.
- All infrastructure projects should contain a social component in charge of mobilizing the community members, training the communal organization and implanting attitudes of ownership and valuation.
- When projects are co-financed with the Municipalities, the latter institutions force the PDA to adjust to their administrative processes and this slows down the pace of project execution.

5. Next Quarter Activities

- Continue distributing information cards to communities and local governments.
- Continue to support Municipalities for the preparation of project profiles to submit to the respective institutions.

- Continue to implement the strategy to guarantee the sustainability of potable water systems.
- Continue implementing the strategy to strengthen producer organizations.
- Provide specialized support and monitoring for each and every one of the projects being implemented by the Local Development component within PDA's intervention areas.
- Supervise and follow-up special projects in Tocache.

VOLUNTARY ERADICATION

In the reporting period, work focused on carrying on with the 2007 Voluntary Eradication Plan, which has established an annual goal of 1000 ha (January-September). In keeping with our PDA-USAID agreement, the greatest effort was focused on identifying and involving new communities.

The intervention strategy was through the communities, seeking to consolidate the intervention districts which show the greatest potential for development. The voluntary eradication process included a quick diagnostic of the community to be intervened, meetings with the community members, obtaining CADA letters, coca crop measurements by CADA, budget allocation, community negotiations, signing framework agreements and following-up the auto-eradication of illicit coca crops.

1. Main Eradication Activities

1.1 Obtaining CADA letters

The Voluntary Eradication component obtained 31 letters during this third quarter for the measurement of coca crops and non-declared coca crops in new communities. This means that the accumulated number of letters obtained between January- September is 170.

Regional Office	Letters Obtained in III Quarter (July – Sept)	Total Number of Letters (January – September)
San Martín	07	77
Tocache	04	04
Tingo María	14	17
Aguaytia	05	35
Ucayali	01	37
Total	31	170

In order to obtain these letters, facilitators held at least 2 meetings with each community. Through dialogue with the inhabitants it was explained that the objective of the PDA is to contribute towards a "legal and lifestyle" through the participation of the inhabitants and the support of the local governments and institutions in the area, and that this requires the signing of a frame agreement between DEVIDA and the community.

1.2 Coca-crop measurement

«During the III Quarter 256.36 ha of coca were measured, totaling an accumulated extension of 1001.25 ha.

Regional Office	Ha measured in III Quarter (Jul – Sept)	Measured (January – September)
San Martín	201.79	627.45
Tocache	-	17.24
Tingo María	4.66	58.86
Aguaytia	33.37	227.05
Ucayali	16.54	70.65
Total	256.36	1001.25

1.3 Frame Agreements

A total of 29 frame agreements were signed. The signing of the frame agreement is the most important stage of the process. It determines the benefits which the community will receive from the PDA and ratifies the community's commitment with the Peruvian State (DEVIDA) to voluntarily eradicate their coca plantations and to maintain the community coca free.

Regional Office	Frame Agreements in III Quarter	Frame Agreements January-September
San Martín	23	63
Tocache	0	0
Tingo María	02	08
Aguaytia	04	14
Ucayali	0	13
Total	29	98

The benefits are mostly geared towards economic activities such as: the installation of coffee and cacao, reforestation of those river basins which are the sources of potable water.

The signing of the frame agreements (98 communities) and addenda thereto (54 communities) together, have incorporated 5,366 families into licit lifestyles.

1.4 Reduction of coca hectares

A total of 286.81 ha were eradicated in the reporting period, resulting in an accumulated total of 1015.81 eradicated hectares during the January –September, 2007 period.

Of the 286.81 eradicated hectares, 234.67 ha of coca correspond to new communities which will be attended by the new program. Eradication basically focused on the new communities of the Tabalosos District, where we worked with 17 new communities, with 159 coca hectares.

Regional Office	Eradicated Hectares III Quarter	Eradicated Hectares January- September
San Martín	192.50	592.59
Tocache	--	20.04
Tingo María	6.86	52.93

Aguaytia	70.91	236.12
Ucayali	16.54	114.13
Total	286.81	1015.81

Of the total of 1015.81 eradicated hectares, 239.33 hectares (23.56%) correspond to CND; 772.92 hectares (76.09%) to new communities and 3.56 hectares (0.35%) that still have to be eradicated.

2. Constraints

- The presence of pro-coca organizations directed by belligerent leaders who distort the meaning of PDA's activities and messages.
- The existence of radio programs whose main objective is to misrepresent PDA's activities.
- The farmers who work small plots of land in leased plots and those who own larger coca areas, do not live in the community and therefore demand financial or cash benefits.
- In some communities the coca growers who own more land are reluctant to receive equal benefits. They do not think that it is fair that they should receive the same benefits as those who own less land or worse still, as those who don't grow any coca. This situation also drags out the process.
- There is a clear relationship between narcotrafficking and terrorist remnants, particularly in the Alto Huallaga area. This creates a climate of insecurity in the field and we have often had to postpone field visits to comply with the PDA's safety regulations.
- It is very difficult to define the borders of the communities, since there are no documents to support the allegations of community authorities. This translates into border disputes between communities and farmers take advantage of this situation to avoid having coca crops contained within the supposed community area, measured.
- The presence of individuals who own coca plantations within the communities who are not community members and who do not wish to be a part of the program threaten other individuals who are willing to join.
- Low budgets in communities where there are only a few coca plantations but a large number of participants.

3. Recommendations

- Coordinate with DEVIDA and USAID to get CORAH to execute its work in recalcitrant communities. This will help to reinforce the message to keep the communities coca free.
- Break the sense of paternalism and conformity through projects that involve the organized and dynamic participation of the entire family.
- DEVIDA should become more involved and assume a leadership role in signatory communities.
- Work in close coordination with the local governments and community authorities so as to consolidate PDA's presence in coca communities and secure their support with respect to the development proposals.
- Strengthen the vision, roles and functions of community authorities and local government on the need to change to a legal lifestyle and benefit from the opportunities offered by the PDA.

- Work closely with CADA, both at action planning level and in the field, so as to ensure that all PDA strategies and objectives are complied with and not distorted.

4. Lessons Learned

- When dealing with densely populated communities with large extensions of coca crops, it is important to start by getting their neighboring areas to join the PDA first, as this will gradually weaken the coca-growers' organizations when people begin to see the benefits that their neighbors are receiving.
- The greatest demand from the communities is support for productive projects.
- The recognition of local leaders and the "sensitizing" activities" (to reinforce the sense of ownership) directed at local residents, contributes to "neutralize" those opposing the program, who are generally farmers who have coca-crops but do not live in the community.
- Offering diversified benefits (crops, animal breeding and infrastructure), makes it easier to conduct community negotiations and come up with a solution that suits their particular needs.
- All (100%) of PDA investments must be directed towards production projects.
- Support through salaries or economic bonuses distort the guidelines for community development.
- The socialization process at community level is made easier when Local Development and Economic Activity teams work together with us.
- The work and strategy for every community is different, but the key is to pre-identify their potential for development by running a quick rural diagnostic to see if they fulfill minimum PDA requirements.
- It is indispensable to continue advocating the PDA's activities in order to counteract the opposition campaigns undertaken by the coca-growing organizations.

5. Achievements

- Reduction of 286.81 ha of coca crops.
- Incorporation of 27 new communities into the PDA program with approximately 1,224 heads of families.
- Involvement of municipal leaders in the negotiation processes with communities.

6. Recommendations for the IV Quarter

- Continue monitoring efforts in order to guarantee coca-free communities and prevent the replanting of coca crops.
- Order all of the documentation substantiating the activities carried out under the 2007 Voluntary Eradication Plan.

CHAPTER 3: IMPLEMENTATION OF COMMUNITY PROJECTS

INFRASTRUCTURE

The objective of this PDA component is to improve the living conditions of the communities that have signed voluntary coca crop reduction agreements with PDA. This is achieved by using infrastructure as a means through which to construct social and economic works, strengthening the community's organization, empowering the local governments and articulating the sectors of the Peruvian State, responsible for conducting development in PDA's intervention areas.



PDA-financed projects mainly include: medical posts, classrooms / schools, potable water systems, sewages systems, drainage, rehabilitation of roads and electrification. They are oriented toward improving overall social conditions and promoting economic development.

Main quarter activities include the construction, rehabilitation and/or maintenance of infrastructure, as well as providing furnishings and other required materials.

The intervention of the Infrastructure component has resulted in the achievement of a number of indirect benefits, i.e.:

- Provides temporary income in beneficiary communities through labor requirements associated with the construction of the infrastructure projects.
- Generates employment by utilizing construction firms in the coca areas for the design, evaluation (in some cases), execution and/or supervision of projects.
- Increases the degree of coordination between local, regional and national producers from the respective coca valleys.
- Improves communities' governance by way of strategic alliances with local governments resulting from construction grants awarded to municipalities.
- Increases household income in beneficiary communities through sustainable economic activities.
- Strengthens the institutional capacity of community organizations.
- Through a spill-over effect from participating communities, increase "buy-in" and as a result broaden program impact.
- Sensitizes communities to promote sustainable use of natural resources.
- Improves the employment capacity of participating community members: they become more knowledgeable as a result of the training courses provided by the PDA on how to operate and maintain the infrastructure projects.

Reporting Quarter Activities

The infrastructure component is guided by overarching PDA objectives and by commitments derived from community-level voluntary coca eradication agreements. For this reason, infrastructure office activity during the July – September reporting quarter centers on the following:

- Monitoring, coordination and technical support of Infrastructure personnel working at the PDA's Regional Offices
- Coordinating with Strategic Allies for strengthening PDA interventions and investment sustainability. More detail on the actual activities carried out is provided further down in this report.

We have continued to work on the technical closing process during the course of the reporting period, as a pre project-termination measure. The aim of this is to pave the way for a smooth transition between one contract and the next, by ensuring that all of the projects' technical and legal documentation is in good order before contract closure.

Main activities included:

- Technical support of personnel to the staff responsible for technical closure posted in the Regional Offices.
- In R379 communities, technical closure has been completed for: design – reformulation subcontracts (57), evaluation (20), supervision (51); subcontracts or grant agreements for the execution of works for a total of 525 (96%). We still have 3 design closures and 21 execution closures pending, but these are in fact already underway.
- Technical closures of subcontracts or donation agreements advance as the project execution is completed for interventions under R217 (15%), R108 (14%), Plan 2007 (10%), Post Eradication (31%).

The plans for operation and maintenance of the infrastructure projects were implemented. Special emphasis was given to implement the SAP's sustainability strategy. This implied developing the following activities:

- Implementation of the "Community Training Plan for the Operation and Maintenance of the Potable Water Supply Systems and Strengthening of Local Governments in Environmental Remediation."
- The Regional Offices of Ucayali, Tocache, Tingo María and Aguaytía have continued provided training courses for the operation and maintenance facilitators at community level. To date, they have duly constituted the Boards and trained the operators so that the community becomes actively involved in the repair, maintenance and operation of their community projects.

Coordination with Strategic Allies for strengthening PDA interventions and investment sustainability for PDA-supported infrastructure projects

The following activities have been carried out as part of these coordinations:

- Coordination with institutions external to the PDA, such as the Education Sector and the Proyecto Especial Alto Huallaga – PEAH, in order to upscale project viability and to create mechanisms to expedite the processes.
- Coordination with the local governments who had not issued council agreements to receive the infrastructure projects constructed by the PDA. As mentioned in our previous quarterly report, one of the most substantial achievements is having persuaded the Municipality of Padre Abad to issue a council agreement accepting the transfer of infrastructure projects. To date, 16 projects have been successfully transferred and 7 projects should be transferred in the course of next quarter.
- As was also reported last quarter, we have completed transferring the infrastructure projects built during the R379 stage to the Health and Education Sectors. Below is a chart showing a summary of the transfers to the various Municipalities:

Region	N° Municipalities	N° Projects	N° Transfer Projects	%
San Martin	4	30	29	97%
Tingo Maria	6	45	44	98%
Aguaytía	3*	74	65*	88%
Tocache	3	37	36	97%
Ucayali	4	119	108	91%
VRAE	8	39	39**	100%
Total	28	344	321	93%

* The transfer is to the Provincial Municipality of Padre Abad, and by delegation of powers, to the Minor Councils of Boquerón y Santa Rosa.

** The 5 projects mentioned in the preceding paragraphs are included among these projects.

- Coordination work with USAID and DEVIDA for defining the document PIL2 for the transfer of infrastructure projects to the local governments and State sectors. Upon approval of the final document, the next step is its implementation with DEVIDA and the entities charged with receiving the completed projects and taking charge of their operation and maintenance.

General Activities

Table 1: Implementation Stage, by Region

R-379							
Infrastructure Project Cycle	Ucayali	San Martin	VRAE	Tingo Maria	Tocache	Aguaytia	Total
In design phase	0	0	0	0	0	1	1
In implementation	1	0	0	0	0	2	3
Temporarily stopped	1	0	0	0	0	0	1
Completed	160	59	66	64	46	91	486
Cancelled	1	1	12	0	0	4	18
Executed by other institutions	4	0	0	1	0	15	20
TOTAL	167	60	78	65	46	113	529
R-217							
In implementation	9	4	0	0	1	5	19
Temporarily stopped	1	4	0	0	0	0	5
Completed	21	60	0	2	2	4	89
Cancelled	5	24	1	0	2	2	34
TOTAL	36	92	1	2	5	11	147
R108							
Infrastructure Project Cycle	Ucayali	San Martin	Tingo Maria	Tocache	Aguaytia	Total	
Approved/ready for contract award	2	0	1	0	0	3	
In implementation	3	6	2	0	7	18	
Temporarily stopped	1	1	0	0	0	2	
Completed	11	45	2	1	4	63	
Cancelled	2	12	4	0	3	21	
TOTAL	19	64	9	1	14	107	
PLAN 2007							
Pre-implementation	0	3	1	0	3	7	
In design phase	0	0	0	0	1	1	
Approved/ready for contract award	0	3	0	0	0	3	
In implementation	1	3	0	0	0	4	
Completed	0	7	0	1	0	8	
Cancelled	1	5	0	0	0	6	
TOTAL	2	21	1	1	4	29	
Post Eradication							
In design phase	0	0	0	5	0	5	
Approved/ready for contract award	0	0	0	1	0	1	
In implementation	0	1	0	5	0	6	
Completed	0	0	0	7	0	7	
Cancelled	0	0	0	1	0	1	
TOTAL	0	1	0	19	0	20	

Table 2: Summary: Project Status, by Project Type

General Classification	Project Type	Activity	Pre Implementation	In Execution	Completed
<u>R-379</u>					
Educational Infrastructure	Educational centers	Construction	0	0	107
		Rehabilitation	0	0	7
Community Infrastructure	Community Centers	Construction	0	1	116
		Rehabilitation	0	0	1
	Community Infrastructure	Construction	0	0	6
		Elaboration	0	0	1
		Implementation	0	0	5
	Steps	Construction	0	0	4
Recreational areas	Construction	0	0	18	
Water and Sewage	Sewage infrastructure	Construction	0	0	6
	Potable Water systems	Construction	0	1	76
		Rehabilitation	0	0	3
Health Infrastructure	Health Post	Construction	0	0	14
Road Infrastructure	Roads	Rehabilitation	0	1	63
	Bridges	Construction	0	1	32
		Elaboration	1	0	0
Economic Infrastructure	Productive infrastructure	Construction	0	0	8
	Irrigation channels	Construction	0	0	2
Electrification	Electrification System	Construction	0	0	14
		Implementation	0	0	1
Other	River Embankment Protection	Construction	0	0	2
TOTAL R-379			1	4	486
<u>R-217</u>					
Educational Infrastructure	Educational centers	Construction	0	2	20
		Implementation	0	0	9
		Rehabilitation	0	0	7
Community Infrastructure	Community Centers	Construction	0	2	12
		Improvement	0	1	2
		Rehabilitation	0	0	1
	Community Infrastructure	Construction	0	0	1
		Implementation	0	2	1
		Improvement	0	0	1
Water	Potable Water systems	Construction	0	7	6
		Elaboration	0	0	1
		Rehabilitation	0	0	3
Health Infrastructure	Health Post	Rehabilitation	0	0	1
Road Infrastructure	Road Rehabilitation	Rehabilitation	0	5	10
	Bridge Construction	Construction	0	0	1
		Elaboration	0	1	0
		Rehabilitation	0	0	1
Economic Infrastructure	Productive infrastructure	Construction	0	0	3
Electrification	Electrification System Construction	Construction	0	2	3
		Elaboration	0	0	2
		Improvement	0	0	1
Other	Engineering structures	Construction	0	2	3
TOTAL R-217			0	24	89

General Classification	Project Type	Activity	Pre Implementation	In Execution	Completed
<u>R-108</u>					
Educational Infrastructure	Educational centers	Construction	0	2	7
		Implementation	0	0	17
		Rehabilitation	0	1	4
Community Infrastructure	Community Centers	Construction	0	0	2
		Implementation	0	0	10
		Improvement	0	1	0
	Community Infrastructure	Construction	0	2	1
Water	Potable Water systems	Construction	0	2	6
		Elaboration	0	2	0
		Improvement	0	1	0
Road Infrastructure	Road Rehabilitation	Implementation	0	1	0
		Improvement	0	1	1
		Rehabilitation	1	6	2
	Bridge Construction	Construction	0	1	1
Economic Infrastructure	Productive infrastructure	Construction	0	0	4
		Rehabilitation	0	0	1
Electrification	Electrification System Construction	Construction	1	0	3
		Elaboration	0	0	1
		Implementation	1	0	0
		Improvement	0	0	1
Other	Engineering structures	Construction	0	1	1
		Improvement	0	0	1
TOTAL R-108			3	21	63
<u>PLAN 2007</u>					
Educational Infrastructure	Educational centers	Construction	0	0	1
		Implementation	5	3	3
Community Infrastructure	Community Centers	Implementation	0	1	2
Economic Infrastructure	Productive infrastructure	Implementation	1	0	0
Road Infrastructure	Road Rehabilitation	Maintenance	1	0	0
		Rehabilitation	2	0	0
	Bridge Construction	Construction	2	0	0
		Rehabilitation	0	0	1
Electrification	Electrification System Construction	Construction	0	0	1
TOTAL PLAN 2007			11	4	8
<u>Post Eradication</u>					
Educational Infrastructure	Educational centers	Construction	0	2	1
Water	Potable Water systems	Construction	0	1	0
Road Infrastructure	Road Rehabilitation	Maintenance	0	0	1
		Rehabilitation	0	2	0
	Bridge Construction	Construction	4	0	0
		Elaboration	2	0	0
Economic Infrastructure	Productive infrastructure	Construction	0	0	1
Electrification	Electrification System Construction	Construction	0	0	4
Other	Engineering structures	Construction	0	1	0
TOTAL Post Eradication			6	6	7

Note.- The activity "elaboration" signifies that the commitment assumed by the PDA has been the elaboration of the technical file. The activity "implementation" refers to the fact that the commitment consists of the support with the supply of certain materials or items of furniture.

Project Commencement

- R-108, in this quarter 10 projects start-ups, as shown as follows:

Table 3a: R108 - Project Start-Up, by Region

Period		Number of Infrastructure Projects			
		Tingo Maria	Aguaytia	San Martin	TOTAL
2007	July	0	0	7	7
	August	1	1	0	2
	September	1	0	0	1
	TOTAL	2	1	7	10

- Plan 2007, the relationship of the number of project start-ups (8 total) is shown below:

Table 3b: Plan 2007 - Project Start-Up, by Region

Period		Number of Infrastructure Projects		
		Tocache	San Martin	TOTAL
2007	July	0	2	2
	August	0	4	4
	September	1	1	2
	TOTAL	1	7	8

- Post Eradication: in this period five projects were initiated in the region of Tocache (districts of Polvora, Campanilla and Tocache). The types of projects which have been initiated are: 2 classroom constructions, 1 rehabilitation of country road (initiated in July), and 2 preparations of technical files for bridges (initiated in July).

1. Completed Projects

- R-217, in this quarter 6 projects were completed, as shown in Table 4 below:

Table 4a: R217 - Completed Projects, by Region

Period		Number of Infrastructure Projects		
		Ucayali	San Martin	TOTAL
2007	July	2	1	3
	August	1	1	2
	September	0	1	1
	TOTAL	3	3	6

- R-108, the relationship of the number of project completed (35 total) is shown below:

Table 4b: R108 - Completed Projects, by Region

Period		Number of Infrastructure Projects				
		Aguaytia	Ucayali	San Martin	Tingo Maria	TOTAL
2007	July	1	4	14	1	20
	August	1	1	9	0	11
	September	1	1	2	0	4
	TOTAL	3	6	25	1	35

- Plan 2007, in this quarter 7 projects were completed, as shown below:

Table 4c: Plan 2007 - Completed Projects, by Region

Period		Number of Infrastructure Projects		
		Tocache	San Martin	TOTAL
2007	July	0	0	0
	August	0	2	2
	September	1	4	5
	TOTAL	1	6	7

- Post Eradication: in the reporting period, 2 projects were completed in the region of Tocache (communities of San Juan de Cañutillo and Naranjal). The projects completed were: 2 electrification systems (completed in July and in August).

2. Lessons learned

It is important to be clear and concise with the information that is shared with communities concerning the progress in their infrastructure projects as well as the responsibilities of both the PDA and the community in the construction and maintenance in order to foment sustainability.

- Ensure that the communities are aware of the limitations that social conflict, climatic changes and problems with security affect implementation timelines.
- The participation of different financial sources in the development and execution of projects helps foment their sustainability. This includes the following factors:
 - Working with the communities in their commitment to operate and maintain executed works as well as to improve their level of organization.
 - Working with local and regional governments by strengthening cooperative work relations with beneficiary communities.
- Assigning the execution of works keeping in mind previous performance of executing entities (sub-contractors or donors).
- One Executor (Grantee or Private Company) should not be adjudicated large packages (more than 4 projects) as this is too much for one Executor to handle.

The Executor cannot comply with the time-periods and this in turn causes delays in the terms agreed upon with the communities.

- The implementation of stricter contractual tools makes it easier to meet the datelines and attain quality products (technical files, execution, supervision), resulting in budget compliance and even savings.
- On-site visits are a key in ensuring community satisfaction and sub-contractor or donor compliance.
- Project execution should be scheduled for the April- November period so as to avoid being affected by the rainy season. The rainy season can be used to do work such as planning, carrying out evaluations, studies and adjudications.
- Time extensions for completing the works imply more administrative work, give the impression of a poor technical file formulation process and generate extra work costs apart from creating a sense of mistrust among community members.
- Coordinating efforts with institutions and/or entities related to the Infrastructure projects in order to obtain:
 - Technical support for optimal development of the projects.
 - The required documentation within the stipulated time-frames so as to be able to transfer the completed works as soon as possible after these have been concluded.

3. Recommendations

- Infrastructure staff should continue intervention from the outset in the planning of PDA intervention in new geographic areas. The Infrastructure component must begin participating as soon as it takes up contact with the communities so that it can advise them on technical matters related to types of feasible projects. The earlier the implementation, the better the result.
- Beneficiary projects should be defined with long-term sustainability in mind (post-execution), in other words, easy operation and maintenance should rule over the economical factor.
- It is important to develop the projects with the participation of donors and with the co-financing of third parties (including community members who can contribute with labor), we recommend foreseeing legal and contractual mechanisms that contribute to ensure compliance of the works as well as their financing.
- Utilization of the database for municipal governments to red-flag those with lackluster performance and non-compliance issues at the time of delegating the execution of the works.
- Select the best Executor to carry out the work, considering time-periods, execution costs and impact on the population. We must assess what type of Executor is most suitable for the work (Subcontractor or Grantee).
- Continue to perform evaluations of project implementation in order to identify shortfalls and determine best practices.
- Continue the use of direct-hire supervisors and increase the amount of on-site inspections.
- Project cost bases created at regional level, which have served as the basis on which to prepare the technical files for the new interventions projects will be subject to ongoing evaluation as the works are developed. The aim of this is to obtain standard costs for the works in PDA's intervention areas.

- The operation should be initiated and maintained within optimal datelines to obtain the best results.
- Offer advice and financial follow-up with donation recipients in order to ensure compliance with the rendering of expense accounts related to projects.

4. Constraints

- Donors have difficulty complying with established work schedules.
- In relation to the Donors as executing entities, the contractual – legal tools are not and cannot be sufficiently strict as to guarantee the fulfillment of datelines, the non-occurrence of work stoppage and as consequence incurrance of greater costs.
- The election of the new Municipal authorities in the PDA’s intervention areas has meant that we have had to step-up our efforts to persuade them to accept the finished projects.
- Authorities lack political will to assign resources for the operation and maintenance of the projects completed within their jurisdictions.

5. Activities for next quarter

The activities for the upcoming quarter include:

R-379

- Complete all projects in the implementation stage and the project to which we have committed to take charge of the design (preparation of the technical file), due to the impromptu negotiation with the Hormiga community.
- Complete the transfer of all infrastructure works to the corresponding District or Provincial Municipalities.
- Continue implementing the strategy for the operation and maintenance of infrastructure works.
- Complete the closure processes for subcontracts and grants related to the infrastructure projects.

R-217 – R108 - Plan 2007 – Post Erradicación

- Monitor fulfillment of the assumed Infrastructure commitments for the execution of works.
- Complete the bulk of PLAN 2007 commitments
- Monitor and track implementation of projects underway in order to ensure technical, environmental, and timeline compliance.
- Training and technical support of regional PDA staff.
- Move forward simultaneously to complete the closure processes for subcontracts and grants related to the infrastructure projects and project liquidation.
- Obtain PIL 2 validation and engage in its implementation.
- Maintain and repair the Potable Water Systems as part of the sustainability strategy work plans. The Boards have been formed and the operators have been trained.

ECONOMIC ACTIVITIES

Executive Summary

In the July-September period, the regional offices continued to prioritize the formulation and reformulation of grant agreements and subcontracts, in order to incorporate new communities who joined the program under the Plan 2007 frame agreement, as well as those post-eradication stage communities who signed letters of understanding.

We have also continued to purge the beneficiary rosters, removing all of the inactive beneficiaries (those who have abandoned their plots, have moved or simply are not interested in putting the technical assistance recommendations into practice). This process was carried out with the help of the technical assistance teams, community authorities, local population and the Economic Activities staff posted at the different Regional Offices. Thanks to these updated and redefined rosters, we can now focus the work of the technical assistance sub-contractors and grantees exclusively on those beneficiaries who are fully committed to replace their illegal crops for legal ones. This means that we are now working with a real base.

With regard to best practices, the implementation of the ECAS represents a new method to transfer knowledge which is better accepted among the community members because it is more interactive and dynamic, it picks up on the capacities that the farmers have developed and it gives them a chance to share and exchange their personal experiences.

In addition, the Economic Activities component has continued to strengthen the capacities of the producer associations, farmers and even PDA staff. This has been done by encouraging them to actively take part in training courses and competitions, i.e. coffee and cacao, which has in turn enabled them to improve their negotiating conditions in special markets that appreciate the quality of their products, and also by incorporating signatory community participants as business partners.

Results

At the moment, the PDA is supporting 47,823 participant families with 58,996.51 ha of crops and 4,339 families with 3,939 productive modules. This adds up to 52,162 families receiving PDA assistance.

Table 1 below shows the different crops prioritized according to their AGAT status. As can be seen, completed projects account for 21,052.88 ha in 15,638 families, which represent 36 % of the total number of hectares assisted by the PDA. Projects in implementation account for 35,321.63 ha with 30,091 families, which represents 60 % of the total number of PDA-supported hectares. Projects at the pre-implementation stage account for 796.26 ha with 754 families, which represent 1% and pertain largely to signatory communities under the 2007 Plan. There is also a small group of farmers who have withdrawn from the program and these represent 3 % of the total (see Table 1 and Graph 1).

Table 1: Total number of PDA hectares

Product Description	Completed		In Implementation		Pre-Implementation		Stopped		Withdrawn		Grand Total	
	Has	Families	Has	Families	Has	Families	Has	Families	Has	Families	Has	Families
Cotton	5,582.00	3,614	1,280.00	1,280							6,862.00	4,894
Rice	815.00	804	172.00	97							987.00	901
Cacao	4,039.75	2,937	22,830.75	20,334	346.00	414			1,233.50	876	28,450.00	24,561
Coffee	1,464.50	1,183	4,696.75	4,463	152.00	170			592.25	464	6,905.50	6,280
Sugar cane				0	13.00	13					13.00	13
Citric fruits	138.00	186	147.25	157							285.25	343
Beans	21.00	21									21.00	21
Corn	2,162.50	2,152	95.00	54							2,257.50	2,206
Peanuts	275.75	304									275.75	304
Soil improvement	30.00	16	34.00	17							64.00	33
Camu Camu	59.75	57									59.75	57
Oil palm	1,402.50	277	2,761.00	1,052	68.76	34					4,232.26	1,363
Hearts of palm	97.00	97	652.00	629	5.50	3					754.50	729
Papaya	22.00	22	37.50	32	6.00	4					65.50	58
Grasses	3,725.50	2,635	1,936.00	1,436	171.00	97					5,832.50	4,168
Pepper			16.00	16							16.00	16
Pineapple	69.13	203	11.38	63	2.00	5					82.50	271
Bananas	1,148.50	1,130	606.00	369	32.00	14					1,786.50	1,513
Family gardens			46.00	92							46.00	92
	21,052.88	15,638	35,321.63	30,091	796.26	754	0.00	0	1,825.75	1,340	58,996.51	47,823

Graph 1: Status of PDA-supported hectares

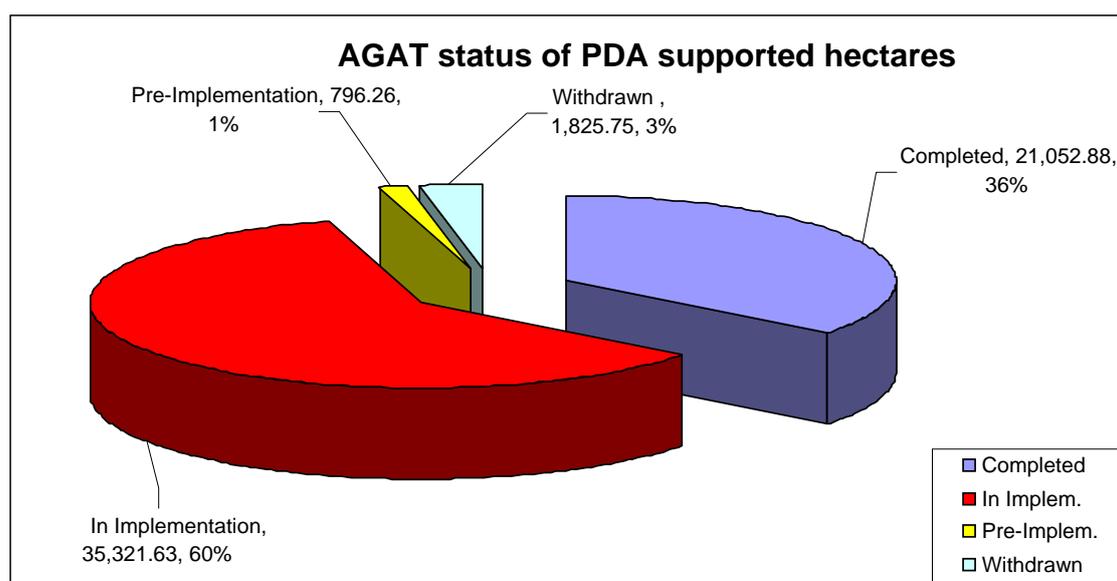
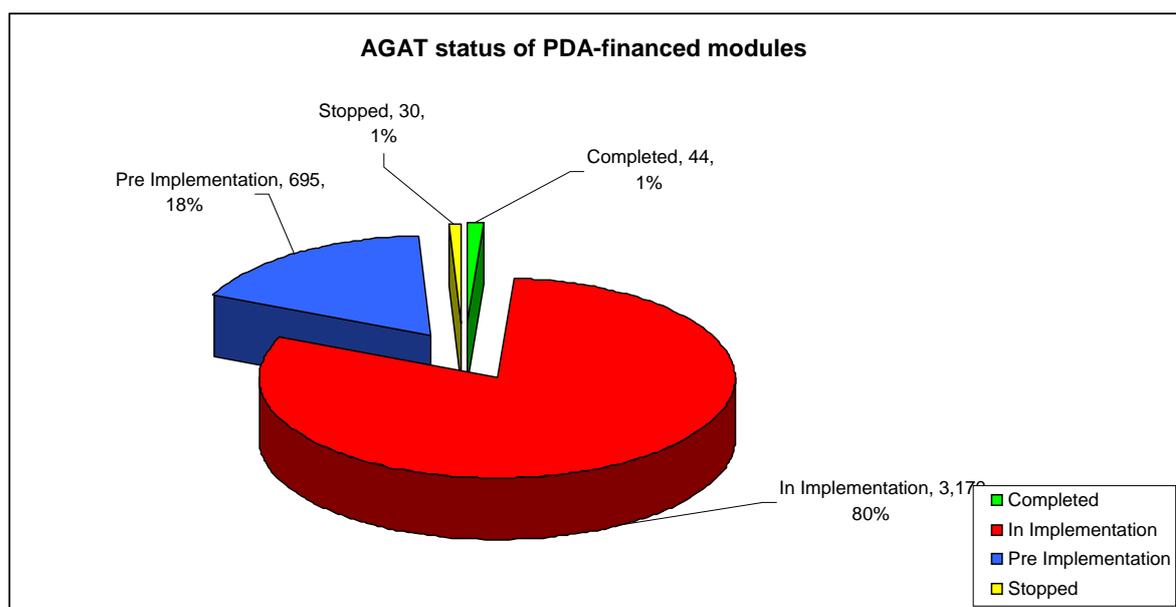


Table 2 shows the different productive modules classified according to their AGAT status. Completed projects account for 44 modules with 299 families, representing 1% of the total of PDA-supported productive projects. Projects in implementation account for 3,170 modules with 3,309 families, representing 80 % of the total of PDA-supported productive projects. Projects still at the pre-implementation stage account for 695 modules with 701 families, representing 18% and pertain mainly to signatory communities under the 2007 Plan. There is also a small group of modules that have been stopped and these represent 1 % of the total number of PDA-financed modules. (See Table 2)

Table 2: Total number of PDA modules

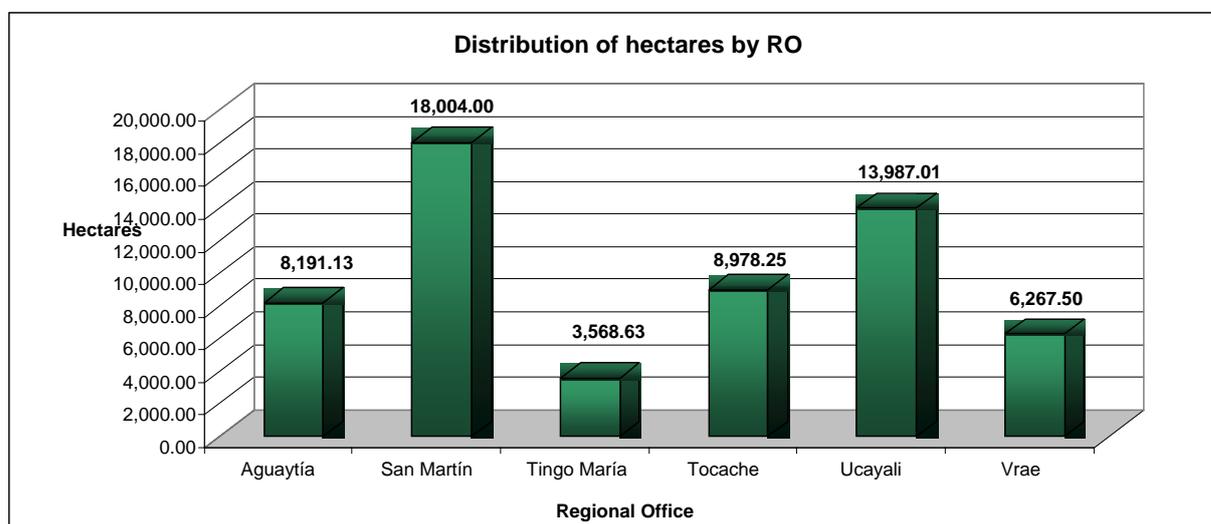
Product description	Completed		In Implementation		Pre-Implementation		Stopped		Withdrawn		Grand Total	
	Mod.	Families	Mod.	Families	Mod.	Families	Mod.	Families	Mod.	Families	Has	Families
Pineapple seedbeds*			2	23							2.00	23
Depulper*	22	22									22.00	22
Crates for pineapple*			10	10							10.00	10
Poultry module*			891	840	173	163					1,064.00	1,003
Guinea pig module*			188	188							188.00	188
Cacao modules*			410	410							410.00	410
Coffee modules*			228	228	12	12	30	30			270.00	270
Fish-farming module*			175	212	9	11					184.00	223
Pig-farming module*	7	7	210	212	145	145					362.00	364
Dairy farming*			829	829							829.00	829
Cattle module*	10	10	223	223	355	322					588.00	555
Grain mill*	1	64									1.00	64
Rice mill*	4	196	4	134	1	48					9.00	378
	44	299	3,170	3,309	695	701	30	30	0	0	3,939	4,339

Graph 2: Status of PDA-supported modules



PDA’s work load is distributed among its 6 Regional Offices, which are responsible for attending 58,996.51 ha with 52,162 families. The Regional Office of San Martín bears the heaviest load, and is seconded by the Regional Office of Ucayali and followed by the Regional Office of Tocache (Graph 3).

Graph 3: Distribution of hectares by Regional Office



Aguaytía Regional Office

Compared to last quarter, the number of hectares and families attended by the PDA's RO of Aguaytía has risen by 344.5 hectares. This is because we had not considered an area for the production of bananas in the R-379 communities and some communities under the 2007 Plan. With the help of the technical assistance teams, we are continuing to purge the rosters.

During the reporting quarter, this RO has continued to reformulate agreements and subcontracts so as to incorporate the new signatory communities who joined the program under the 2007 Plan as well as those who have decided to change their crops. We also formulated a new project to attend those cacao beneficiaries who were under the CD112 and under subcontracts CR024 and CR032 with ADRA, the subcontractor who withdrew from the program. These beneficiaries are now being attended by the Cooperativa Agraria Naranjillo through CD500.

Products:

- The main crops being promoted by the PDA through Regional Office of Aguaytía continue to be cacao, oil-palm and coffee. TA has continued to provide training and purge the rosters.
- As far as coffee-producing projects are concerned, we have implemented 45 wet-processing coffee modules.
- We are still busy handing over the cattle modules and have started up the activities to install poultry modules.

Table 3 below shows that 3,451.50 ha have been completed, representing 42.14% of total crop hectares for the RO of Aguaytía; 4,660.13 ha are in implementation and

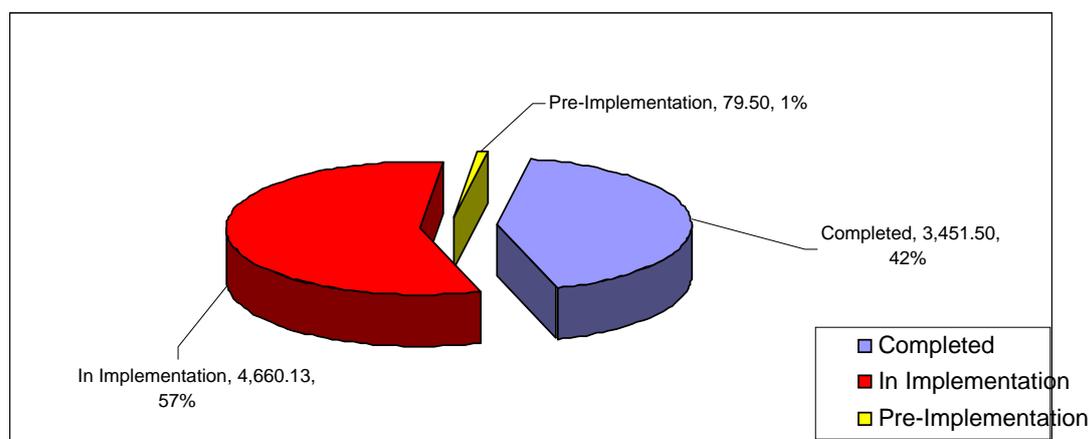
represent 56.89%; and 79.5 ha are still at the pre-implementation stage. Most of the projects at the pre-implementation stage belong to communities who joined the program under the 2007 Plan, and others to communities of previous stages who made project prioritization subsequent to Framework Agreement signing.

Table 3: Agronomic status by crop – Regional Office of Aguaytía

Regional Directorate	Product description	Completed			In Implementation			Pre-Implementation			Grand Total		
		Has	Modules	Families	Has	Modules	Families	Has	Modules	Families	Has	Modules	Families
Aguaytia R-379	Cacao				1,152.25		1041				1,152.25		1,041
	Coffee				593.50		613				593.50		613
	Camu Camu	59.75		57							59.75		57
	Oil Palm	1,335.00		267	18.00		18				1,353.00		285
	Hearts of Palm	97.00		97	21.00		21				118.00		118
	Grasses	1,138.00		634	239.50		114	6		6	1,383.50		754
	Pineapple	66.75		183							66.75		183
	Bananas	755.00		675	286.00		202				1,041.00		877
	Rice Mill*		3	126								3	126
Sub Total R-379		3,451.50	3	2,039	2,310.25	0	2,009	6.00	0	6	5,767.75	3	4,054
Aguaytia R-217	Cacao				27.5		17				27.50		17
	Coffee				28		28				28.00		28
	Oil Palm				64		34				64.00		34
	Hearts of Palm				4		4				4.00		4
	Grasses				121.5		31				121.50		31
	Pineapple				0.5		4				0.50		4
	Bananas				3		3				3.00		3
	Pineapple Seedbeds*					1	18					1	18
CoffeeModules*								12	12			12	
Sub Total R-217		0.00	0	0	248.50	1	139	0.00	12	12	248.50	13	151
Aguaytia R-108	Oil Palm				784.00		172				784.00		172
	Hearts of Palm				14.00		8				14.00		8
	Cacao				272.00		146				272.00		146
	Coffee				17		17				17.00		17
	Citric fruits				6.75		9				6.75		9
	Papaya				29.50		29				29.50		29
	Grasses				126.50		55				126.50		55
	Pineapple				3.00		9				3.00		9
	Bananas				268.50		122	1.5		1	270.00		123
	Pineapple Seedbeds*					1	5					1	5
	Crates for Pineapple*					10	10					10	10
	Rice Mill *					3	90					3	90
	Poultry Module*						119	80				119	80
Fish-farms *								3	5		3	5	
Sub total R-108		0.00	0	0	1,521.25	133	752	1.50	3	6	1,522.75	136	758
Aguaytia P-2007	Bananas				16.00		5	30.5		13	46.50		18
	Grasses				54.50		18	28		8	82.50		26
	Pineapple				3.13		12	2		5	5.13		17
	Cacao				92.50		63				92.50		63
	Coffee										0.00		0
	Oil Palm				406.00		76				406.00		76
	Hearts of Palm							5.5		3	5.50		3
	Papaya				8.00		3	6		4	14.00		7
	Rice Mill*								1	48		1	48
	Poultry module*						18	11		21	11		39
	Fish-farms *									2	2		2
Cattle module*									82	49		82	
Sub Total P -		0.00	0	0	580.13	18	188	72.00	106	143	652.13	124	331
2007 EA Reinforcement	Coffee modules*						45					45	45
	Cattle module*						25					25	25
Sub Total RAE		0.00	0	0	0.00	70	70	0.00	0	0	0.00	70	70
Total Aguaytía		3,451.50	3	2,039	4,660.13	222	3,158	79.50	121	167	8,191.13	346	5,364

* Not accounted for in hectares

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



San Martin Regional Office

During the reporting quarter, the Regional Office of San Martín has reformulated the agreements and subcontracts so as to incorporate the new signatory communities under the 2007 Plan.

We have continued to purge the list of beneficiaries to remove those who are not complying with the tasks required by the technical assistance team. Many of these people have either abandoned their plots or sold their land and this is why the areas of PDA attention have been reduced by 494 has. with respect to last quarter. The lists are reviewed and purged with the help of the technical assistance teams, community authorities, the inhabitants of the respective communities and PDA's Economic Activities component. Some farmers have also decided to change their crops.

Cacao:

- Cacao continues to be one of the preferred crops among San Martín communities. There are currently 10,232 ha in implementation.
- Technical assistance staff have continued to train farmers on how to instal crops (i.e. how to implement nurseries, grafting and how to prepare the soil), how to maintain the crops (pruning, pest control, shadow management, environmental mitigation) and they have also taught them some harvesting and post-harvesting techniques. We are also complementing this knowledge with techniques for recycling farmland residues, such as ways to construct micro landfills and compost heaps and how to prepare biofertilizers.
- The first flowering and harvest of the cacao plantations installed under stage R-379 as well as the harvest of maintenance areas are also underway.
- The first transplants of seedlings to their definitive fields have been completed after some drought-related delays.
- We have been providing tools to the farmers to help them in their work (blankets, pruning shears, etc.) Newly incorporated communities are being given bags and seeds so that they can begin to install nurseries. Additionally, we have provided

the beneficiary farmers with fermentation boxes, crates and drying blankets to help the farmers during the post-harvest stage.

Coffee:

- Coffee is the second most important crop being grown in the jurisdiction of the Regional Office of San Martín. At present there are 2,204 has. in implementation concentrated in the northern sector.
- Farmers with crops already in production have received training on harvesting and post-harvesting techniques. Those who are currently at the stage of installing coffee plantations are receiving instruction on how to install and manage nurseries etc.
- We are renewing all coffee plantations that are 7 years old or older. We are also installing solar dryers.

Other Products:

- Pijuayo: hearts of palm seeds have been delivered for the first 89 hectares. Seeds are presently scarce so we have not been able to complete the delivery; we still have to deliver seeds for 31 ha. We expect to do this sometime between October and November.
- Oil palms: we are providing maintenance to 41 has. This includes weeding, fertilizing and harvesting to 24 ha; weeding and fertilizing to the 17 remaining hectares that are not at the production stage yet.
- The installation of family gardens has been completed. We have begun buying small animals (guinea pigs and hens) to complement the project.
- North San Martín: here we have started to buy and deliver SENASA-certified cattle, pigs and poultry to put into the modules when these are eventually delivered. Beneficiaries are already being trained on how to construct the breeding modules for these animals. This is being done under the supervision of a veterinary doctor who has been hired specifically for this purpose, and who is also in charge of ensuring that the animals that we are purchasing are healthy specimens.
- Southern San Martín: here we have successfully delivered 10 modules for SENASA certified cattle.

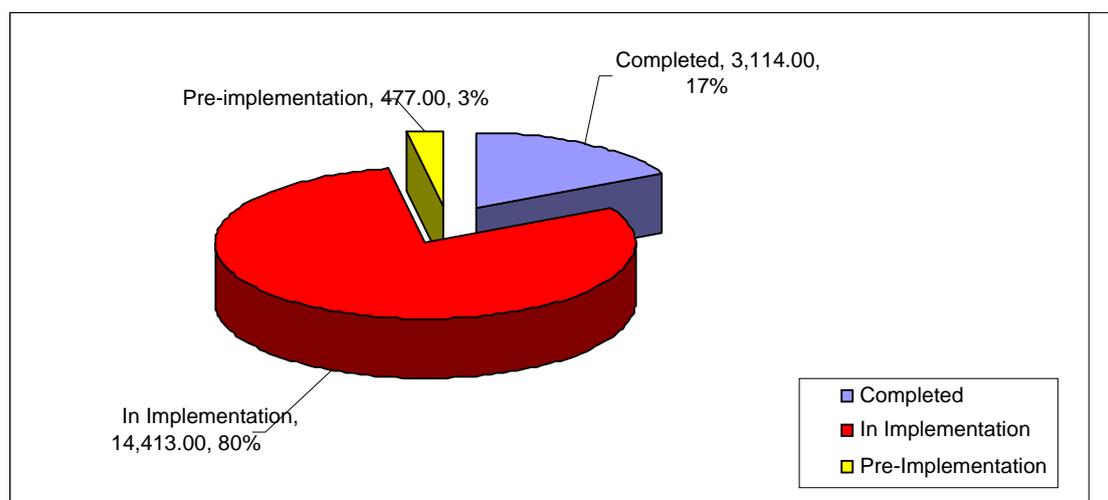
Table 4 shows that 3,114.00 ha have been completed, which represents 17 % of total crops for the Regional Office of San Martín, (18,004 ha); 14,413.00 ha are in implementation, which represents 80 % of total crops, and 477 ha are at the pre-implementation stage, representing 3 % of total crops.

Table 4: Agronomic status per crop - San Martín Regional Office

Regional directoratel	Product description	Completed			In Implementation			Pre-Implementation			Grand Total		
		Has	Modules	Families	Has	Modules	Families	Has	Modules	Families	Has	Modules	Families
San Martín R-379	Cacao				4,438.00		4,477				4,438.00	0	4,477
	Grasses				50.00		50				50.00	0	50
	Corn	1,513.00		1,513							1,513.00	0	1,513
Sub total R-379		1,513.00	0	1,513	4,488.00	0	4,527	0.00	0	0	6,001.00	0	6,040
San Martín R-217	Rice	463.00		463							463.00	0	463
	Cacao				2,163.00		2,163				2,163.00	0	2,163
	Coffee				668.00		668.00				668.00	0	668
	Hearts of Palm				116.00		116.00				116.00	0	116
Sub total R-217		463.00	0	463	2,947.00	0	2,947	0.00	0	0	3,410.00	0	3,410
San Martín R-108	Cacao				2,164.00		2,164.00	10.00		10.00	2,174.00	0	2,174
	Coffee				942.00		942.00	21.00		21.00	963.00	0	963
	Oil Palm				24.00		24.00				24.00	0	24
	Hearts of Palm				288.00		288.00				288.00	0	288
	Cattle module *						138					138	138
	De-pulper*			22	22							22	22
	Poultry module *						213					213	213
	Pig-farming module *						102					102	102
Sub total R-108		0.00	22	22	3,418.00	453	3,871	31.00	0	31	3,449.00	475	3,924
San Martín P-2007	Cacao				400.00		400	315.00		383	715.00	0	783
	Coffee				184.00		184	131.00		149	315.00	0	333
	Hearts of Palm				156.00		156				156.00	0	156
	Oil Palm				17.00		17				17.00	0	17
	Cattle module*		10	10					163	163		173	173
	Poultry module *								152	152		152	152
	Pig-farming module*								90	90		90	90
Sub total Plan 2007		0.00	10	10	757.00	0	757	446.00	405	937	1,203.00	415	1,704
EA Reinforcement	Cacao	602.00		602	1,067.00		1,311				1,669.00	0	1,913
	Coffee				410.00		410				410.00	0	410
	Cotton	536.00		536	1,280.00		1,280				1,816.00	0	1,816
	Family gardens				46.00		92				46.00	0	92
	Poultry module*						228					228	228
	Guinea-pig module*						92					92	92
Sub total RAE		1,138.00	0	1,138	2,803.00	320	3,413	0.00	0	0	3,941.00	320	4,551
Total San Martín		3,114.00	32	3,146	14,413.00	773	15,515	477.00	405	968	18,004.00	1,210	19,629

* Not accounted for in hectares

Graph 5: Project status in terms of hectares – Regional Office of San Martín



Tocache Regional Office

The RO of Tocache has also complied with purging the roster of beneficiaries to eliminate all farmers who have abandoned their plots or moved to other locations. This has resulted in a reduction of 387 ha with respect to the previous quarter.

As in the case of the other Regional Offices, Tocache has also continued to reformulate agreements and subcontracts so as to incorporate the new communities who joined the program under the 2007 Plan as well as those who signed letters of understanding (Post Eradication).

Cacao:

- Cacao is the most widely produced crop in the area with 6,511.50 ha.
- We have continued to provide training on cacao crop management for installation, maintenance and post-harvest stages.
- We carried out soil sampling of the plots of land intended for planting cacao (CD404), with the aim of determining how to correct specific problems such as the high levels of acidity and lack of nutrients in the soils.
- We continued to hand out tools and supplies to farmers who have completed their activities.

Coffee:

- We are working with 996 ha of coffee crops. Work was continued to train farmers on how to implement coffee crops. Despite the unrest in the area, we have been able to conduct work normally during this quarter.

Other Products:

- Activities related to oil palm and banana crops have continued as normal.
- Rice crops are currently being harvested.
- Pineapple crops: the planting stage has terminated with seedlings from Aguaytía.
- We have delivered 60 poultry modules, 71 guinea pig modules and 92 pig modules; all of which are being supervised by technical assistance personnel and the coordinator for animal husbandry activities.
- We have implemented 24 fish farms and we are currently in the process of constructing more ponds to implement additional farms.
- Regarding the cattle modules, the people in charge are busy trying to improve the purchase and delivery systems. Efforts are also being made to improve the selection of cattle.
- We have continued to train the beneficiaries on the best ways to implement the animal and fish-farm modules in an effort to strengthen their capacities.

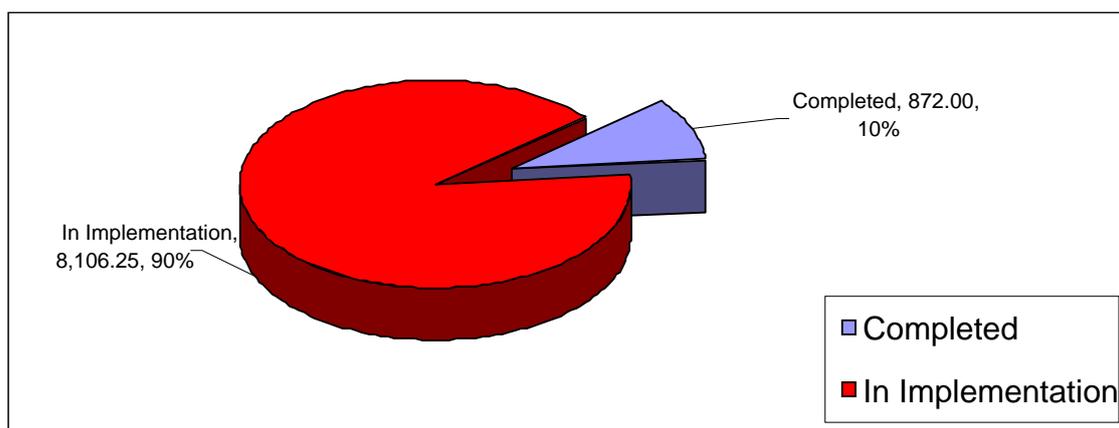
Table 5 below shows that there are 872.00 ha of completed crops, which represents 10 % of total crops to be attended by the Regional Office of Tocache (8,978.25 ha) and 8,106.25 ha in implementation, which is 90 % of total crops.

Table 5: Agronomic status per crop - Regional Office of Tocache

REGIONAL DIRECTORATE	CROP	Completed			In Implementation			Pre Implementation			Grand Total		
		Has	Module	Families	Has	Module	Families	Has	Module	Families	Has	Module	Families
Tocache R-379	Rice	201.00		201							201.00	0	201
	Cacao				1,471.00		1,471				1,471.00	0	1,471
	Coffee	286.00		286							286.00	0	286
Sub Total, R-379		487.00	0	487	1,471.00	0	1,471	0.00	0	0	1,958.00	0	1,958
Tocache R-217	Coffee				132.00		147				132.00	0	147
	Bananas	9.00		9							9.00	0	9
Sub Total, R-217		9.00	0	9	132.00	0	147	0.00	0	0	141.00	0	156
Tocache R-108	Cacao				7.00		7				7.00	0	7
	Coffee				16.00		16				16.00	0	16
	Oil Palm	67.50		10							67.50	0	10
	Pig-farming module*		7	7								7	7
	Fish-farming module*					8	8						8
Sub Total, R-108		67.50	7	17	23.00	8	31	0.00	0	0	90.50	15	48
Tocache P- 2007	Café				2.00		2				2.00	0	2
	Cacao				18.00		18				18.00	0	18
	Oil Palm				18.00		9				18.00	0	9
	Pig-farming module*					5	5					5	5
	Fish-farming module					1	1					1	1
Poultry modules *					3	3					3	3	
Sub Total, Plan 2007		0.00	0	0	38.00	9	38	0.00	0	0	38.00	9	38
Tocache Post-Eradication	Cacao				4,902.50		2,973				4,902.50	0	2,973
	Coffee				846.00		530				846.00	0	530
	Rice	128.00		117	172.00		97				300.00	0	214
	Corn	103.50		104	95.00		54				198.50	0	158
	Oil Palm				282.00		94				282.00	0	94
	Bananas	54.00		51	21.00		14				75.00	0	65
	Grasses				6.00		10				6.00	0	10
	Guinea-pig module*					90	90					90	90
	Poultry modules*					178	173					178	173
	Fish-farming module *					165	165					165	165
	Pig-farming module*					92	92					92	92
	Dairy farming					829	829					829	829
Sub Total, Post-Eradication		285.50	0	272	6,324.50	1,354	5,121	0.00	0	0	6,610.00	1,354	5,393
EA Reinforcement	Cacao				113.00		113				113.00	0	113
	Pineapple				4.75		38				4.75	0	38
	Rice	23.00		23							23.00	0	23
Sub Total, EA Reinforcement		23.00	0	23	117.75	0	151	0.00	0	0	140.75	0	174
Total Tocache		872.00	7	808	8,106.25	1,371	6,959	0.00	0	0	8,978.25	1,378	7,767

* Not accounted for in hectares

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



Tingo María Regional Office

The RO of Tingo María has followed suit and also continued to purge the list of beneficiaries so as to focus all its attention on those beneficiaries who are seriously

committed to switch over to a licit lifestyle. Compared to last quarter, this RO has seen an increase in the number of ha under stage R-379, due to the fact that they inadvertently omitted two communities with 16.5 has.

As in the case of the other Regional Offices, the RO of Tingo María has also formulated and reformulated the projects so as to incorporate the new signatory communities who joined the Program under the 2007 Plan.

Cacao:

- A total of 400 post harvest modules (fermentation boxes) have been implemented. These are being made by the farmers themselves, conjunctly with technical assistance personnel.
- Eighty-nine community courses and 4 integrated courses were carried out, covering subjects such as: nursery installation and management, grafting, pruning, fertilizing, shadow management, environmental mitigation, harvesting, and cacao processing. A total of 1,551 farmers benefited from this training.
- Twelve radio shows on specific subjects related to cacao-growing were aired and 7 ECAS are being carried out on this crop.
- A total of 2,500 liters of biofertilizers and 2,800 liters of purín were prepared, and 30 compost heaps were implemented. The compost is now being used in the fields.
- We have distributed 1,650 bulletins on themes such as grafting, nurseries and post-harvesting methods to reinforce skills learned during the training sessions.

Coffee:

- We have implemented 128 coffee processing modules consisting of a fermentation box, a rinsing box and a solar dryer with its respective mica. Twenty depulpers have also been given out.
- Six integrated training courses were carried out, gathering farmers from more than three communities per course. These courses were carried out in the communities of José Bernardo Alcedo, Miguel Grau, Santa Rosa de Tealera, Manuel Mesones Muro, Hermilio Valdizán, José María Ugarteche, Felipe Pinglo Alva and Chinchamayo, benefiting a total of 300 heads of families.
- A local-scale coffee contest was held, and 99 samples were presented. Of these, 32 samples were selected, and these passed on to the regional-scale stage of the contest. Here 12 samples classified for the national-scale contest.
- Orgánica BioLatina has conducted internal and external inspections for certifying the produce of 307 farmers who belong to the cooperative and are PDA signatories, with FLO certification (Fair Trade Seal).
- We have continued to distribute the bulletins containing information on the management of coffee germinators and nurseries, harvesting and post-harvesting methods and Integrated Pest Management.
- Mr. Tulio Mora and other reporters from Lima accompanied us on visits to the communities of José María Ugarteche and Hermilio Valdizán where they picked up the testimonies of a number of PDA-participants, who talked to them about their experience of change from an illegal economy to a legal lifestyle.

Other Crops:

- Community training courses are being given for the production of citric fruits. Courses include nursery installation, pruning and grafting methods, how to recognize the different varieties and how to prepare organic fertilizers. Approximately 200 participants are benefiting from these courses.
- We spent time in the communities of Santa Lucía, Los Milagros and Bajo Pendencia to train 50 beneficiaries of the communities of Huayhuantillo, Santa Ana, Shapajilla and Pozo Azul. They were taken to study the plots that are already being assisted by the PDA in these communities and they were taught how to prune, how to prepare organic fertilizers and how to identify and manage plagues and other diseases. Cover crops such as ‘mucuna’ and ‘kudzu’, among others, have been incorporated into the citric fruit plots. Live fences of ‘vetiveria’ were planted, with good results; these also serve as model plots to show to other prospective participants. The idea is to achieve a multiplying effect by planting seeds in the 16 existing plots.
- Five guinea pig modules have been implemented. The ‘kudzu’ installed will serve as feed for these small animals. Three micro landfills have also been implemented.
- We have completed all of the soil preparation work for the installation of grasses. We have also prepared seedbeds for 15 ha of grasses such as *Brachiaria brizantha*, and *Leucaena leucocephala*. Transplantation will be carried out at the beginning of the rainy season.
- Poultry modules were installed, cleaned and disinfected. They are currently closed off and will be in quarantine until the chickens are installed. Two micro-landfills have been constructed. Training courses on the handling of poultry and the potential diseases that they are vulnerable to are being offered at this time. Compost heaps are also being installed.
- The implementation of pig-farming modules has begun with the preparation of the land, the location and planting of stakes as pig-pen boundaries. Yuca and corn have been planted for pig-feed. A micro-landfill was also constructed. A learning experience was carried out in the city of Aucayacu on the property of Mr. Pereyra. The participants were given a comprehensive course on how to manage pigs on a larger scale.

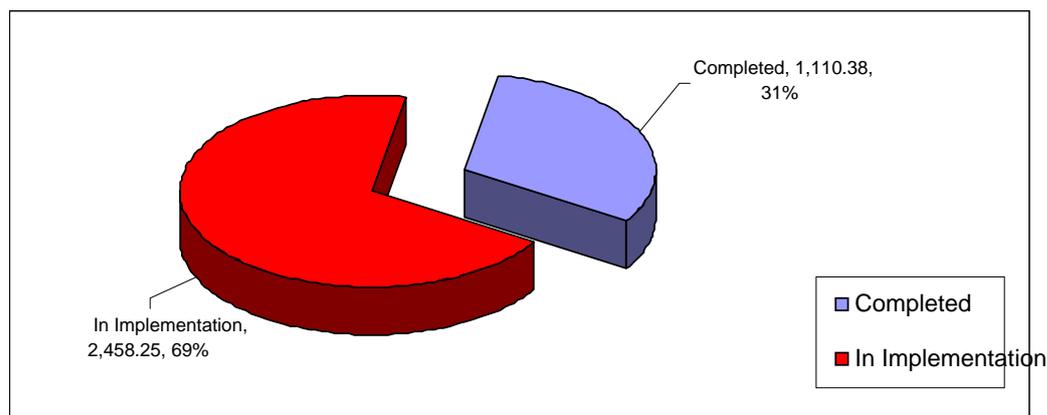
Table 6 shows that we now have completed 1,110.38 ha, which represents 31% of total crops for the Regional Office of Tingo María, (3568.63 ha) while 2458.25 ha are in the implementation stage, which represents 69% of the total.

Table 6: Agronomic status per crop – Regional Office of Tingo María

Regional directorate	Product Description	Completed			In Implementation			Stand-by			Total amount		
		Has	Module	Families	Has	Module	Families	Has	Module	Families	Has	Module	Families
Tingo María R-379	Cacao	0.5		1	1297.00		1,314				1297.50	0	1,315
	Coffee				677.25		725				677.25	0	725
	Citric fruits	138		186	116.00		116				254.00	0	302
	Corn	216.00		299							216.00	0	299
	Papaya	22.00		22							22.00	0	22
	Grasses	545.00		545							545.00	0	545
	Beans	21.00		21							21.00	0	21
	Pineapple	2.375		20							2.38	0	20
	Bananas	165.50		213							165.50	0	213
Grain mill*		1	64								1	64	
Sub total R-379		1110.38	1	1,371	2090.25	0	2,155	0.00	0	0	3200.63	1	3,526
Tingo María R-217	Cacao				3.00		3				3.00	0	3
	Coffee				46.00		46				46.00	0	46
	Citric fruits				6.00		12				6.00	0	12
Sub total R-217		0.00	0	0	55.00	0	61	0.00	0	0	55.00	0	61
Tingo María R-108	Cacao				18.00		18				18.00	0	18
	Coffee				80.00		80				80.00	0	80
	Citric fruits				3.50		5				3.50	0	5
	Bananas				11.50		23				11.50	0	23
Sub total R-108		0.00	0	0	113.00	0	126	0.00	0	0	113.00	0	126
Tingo María P-2007	Cacao				63.00		63				63.00	0	63
	Coffee				22.00		22				22.00	0	22
	Grasses				9.00		9				9.00	0	9
	Poultry module*					4	4					4	4
	Guinea-pig module*					6	6					6	6
	Pig module*					4	6					4	6
Sub total Plan 2007		0.00	0	0	94.00	14	110	0.00	0	0	94.00	14	110
EA Reinforcement	Cacao				70.00		70				70.00	0	70
	Coffee				33.00		33				33.00	0	33
	Citric fruits				3.00		3				3.00	0	3
	Cacao modules*					410	410					410	410
	Coffee modules					183	183		30	30		213	213
Sub total RAE		0.00	0	0	106.00	593	699	0.00	30	30	106.00	623	729
Total Tingo María		1,110.38	1	1,371	2,458.25	607	3,151	0.00	30	30	3,568.63	638	4,552

* Not accounted for in hectares

Graph 7: Project status in terms of hectares – Regional Office of Tingo María



Ucayali Regional Office

As in the other Regional Offices, this office also focused on formulating and reformulating the agreements and subcontracts, in order to incorporate the new communities who joined the program under the 2007 Plan. We also continued to purge the beneficiary rosters in order to continue offering support to those families who are really committed to change to a legal economy.

Cacao:

- The beneficiary rosters for this crop have been purged and updated. At present 3,092 ha are in implementation.
- Support has been given for the harvesting and post harvesting stages of 125 metric tons of cacao grain.
- We have continued to implement nurseries, install temporary shadow systems, transfer plantations to their final fields and carry out grafting in nurseries and in final fields.
- Day wages are still being paid and we have delivered supplies to those farmers who have fulfilled their activities under the various agreements.
- Training courses to instruct the farmers on how to install nurseries, how to control pests, how to apply harvesting and post-harvesting techniques, and how to construct micro-landfills were carried out.

Oil palm:

- Activities are being carried out in 1,148 ha of oil palm crops.
- To date, 135,743 seedlings have been delivered for the installation of 949.25 ha.
- An area of 934 ha of land has been prepared for the installation of oil palms, while 616 ha have been transferred to their final fields.
- Training and follow-up activities related to oil palm production continue.

Other Products:

- The preparation of 30 ha for the construction of rice paddies has been completed. There are 34 hectares still pending.
- Banana crops have been concluded with the maintenance of 29 ha.
- We continue to give out materials (rolls of barbed wire) and pay bonuses for the grass projects.
- Four ha of pepper crops have been successfully transferred to their final fields; 16 tool kits have been delivered.
- A total of 736 citric fruit seedlings and 173,000 'pijuayo' seedlings for hearts of palm crops have been planted.
- The fertilizer production project has installed 44 biodigestors in the Puerto Inca area.
- Regarding the cattle modules, the animals have been selected and delivered to the beneficiaries. They have also received instruction on environmental and forest-related aspects. As far as the poultry modules are concerned, we are currently constructing the hen-houses, delivering the chickens, feeding troughs, water troughs etc. Pig pens are also under construction.
- With respect to the fish-farming modules, we have delivered the fish-fry and fish-feed.
- Module implementation for animals and fish farms is being carried out under the supervision and guidance of the technical assistance team and personnel working for the Economic Activities component.

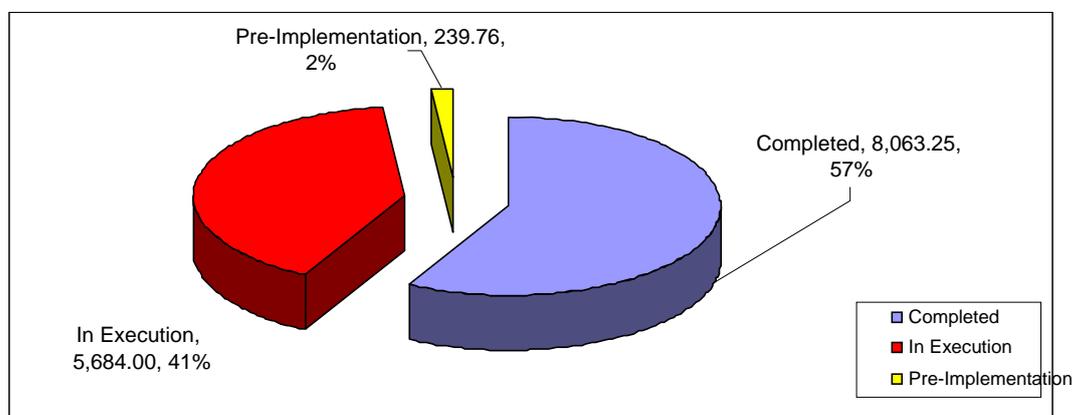
Table 7 shows 8,063.25 completed hectares, which represents 57% of total crops for the Regional Office of Ucayali (13,987.01 ha), 5,684.00 ha in implementation, which represents 41%, and 239.76 ha at the pre-implementation stage, representing 2% of total crops. These correspond mostly to communities who joined the program under the 2007 Plan.

Table 7: Agronomic status per crop – Regional Office of Ucayali

Regional Directorate	Product description	Completed			In Implementation			Pre-Implementation			Total		
		Ha	Modules	Families	Ha	Modules	Families	Ha	Modules	Families	Ha	Modules	Families
Ucayali R-379	Cotton	5,046.00		3,078							5,046.00	0	3,078
	Cacao	449.75		454	1,439.00		1,170				1,888.75	0	1,624
	Maize	330.00		236							330.00	0	236
	Soil improvement	30.00		16	34.00		17				64.00	0	33
	Oil Palm				1,054.00		560				1,054.00	0	560
	Grasses	1,671.00		1,227	731.00		630				2,402.00	0	1,857
	Bananas	165.00		182							165.00	0	182
Rice mill*			1	70								1	70
Sub Total R-379		7,691.75	1	5,263	3,258.00	0	2,377	0.00	0	0	10,949.75	1	7,640
Ucayali R-217	Cacao				152.50		107				152.50	0	107
	Oil Palm				94.00		48				94.00	0	48
	Grasses	244.00		166	407.50		379				651.50	0	545
	Pig modules *						7						7
	Poultry modules *						16						16
Sub Total R-217		244.00	0	166	654.00	23	557	0.00	0	0	898.00	23	723
Ucayali R-108	Cacao				477.50		224				477.50	0	224
	Grasses	127.50		63	162.50		122	12.00		10	302.00	0	195
	Citric fruits				12.00		12				12.00	0	12
	Pepper				16.00		16				16.00	0	16
	Pig modules *								22	22	22*	22	22
	Rice mill*						1						44
	Cattle modules *						42						42
	Poultry modules *						112						112
	Fish farms *						1						38
Sub Total R-108		127.50	0	63	668.00	156	610	12.00	22	32	807.50	178	705
Ucayali P -2007	Cacao				47.00		25	21.00		21	68.00	0	46
	Grasses				28.00		18	125.00		73	153.00	0	91
	Oil palm							68.76		34	68.76	0	34
	Sugar cane							13.00		13	13.00	0	13
	Fish farms *								4	4		4	4
	Pig modules *								33	33		33	33
	Cattle modules *						18	18		110	110		128
Sub Total P - 2007		0.00	0	0	75.00	18	61	227.76	147	288	302.76	165	349
EA Reinforcement	Hearts of Palm				53.00		36				53.00	0	36
	Cacao				976.00		976				976.00	0	976
Sub Total EA Reinforcement		0.00	0	0	1,029.00	0	1,012	0.00	0	0	1,029.00	0	1,012
Total Ucayali		8,063.25	1	5,492	5,684.00	197	4,617	239.76	169	320	13,987.01	367	10,429

* Not accounted for in hectares

Graph 8: Project status in terms of hectares – Regional Office of Ucayali



VRAE Regional Office

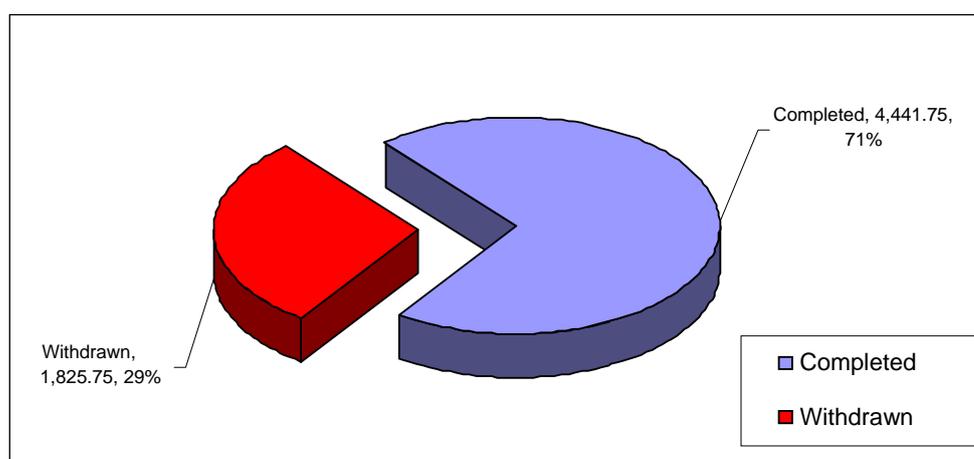
During the reporting quarter, the Regional Office of the VRAE has focused on closing its activities, as it has completed its technical assistance for the coffee and cacao crops.

Table 8 shows 6,267.50 ha of crops which have benefited 4,421 families. This area has been considered as the most difficult area for the PDA, both in project implementation and voluntary eradication, where 29 communities with 1825.75 ha of crops withdrew from the program, leaving us only with the R-379 to work with.

Table 8: Agronomic status by crop – Regional Office of VRAE

Regional Directorate	Product Description	Completed		Withdrawn		Total	
		Has	Families	Has	Families	Has	Families
VRAE R-379	Cacao	2,987.50	1880	1,233.50	876	4,221.00	2,756
	Coffee	1,178.50	897	592.25	464	1,770.75	1,361
	Peanuts	275.75	304			275.75	304
Total VRAE		4,441.75	3,081	1,825.75	1,340	6,267.50	4,421

Graph 9: Project status in terms of hectares – Regional Office of the VRAE

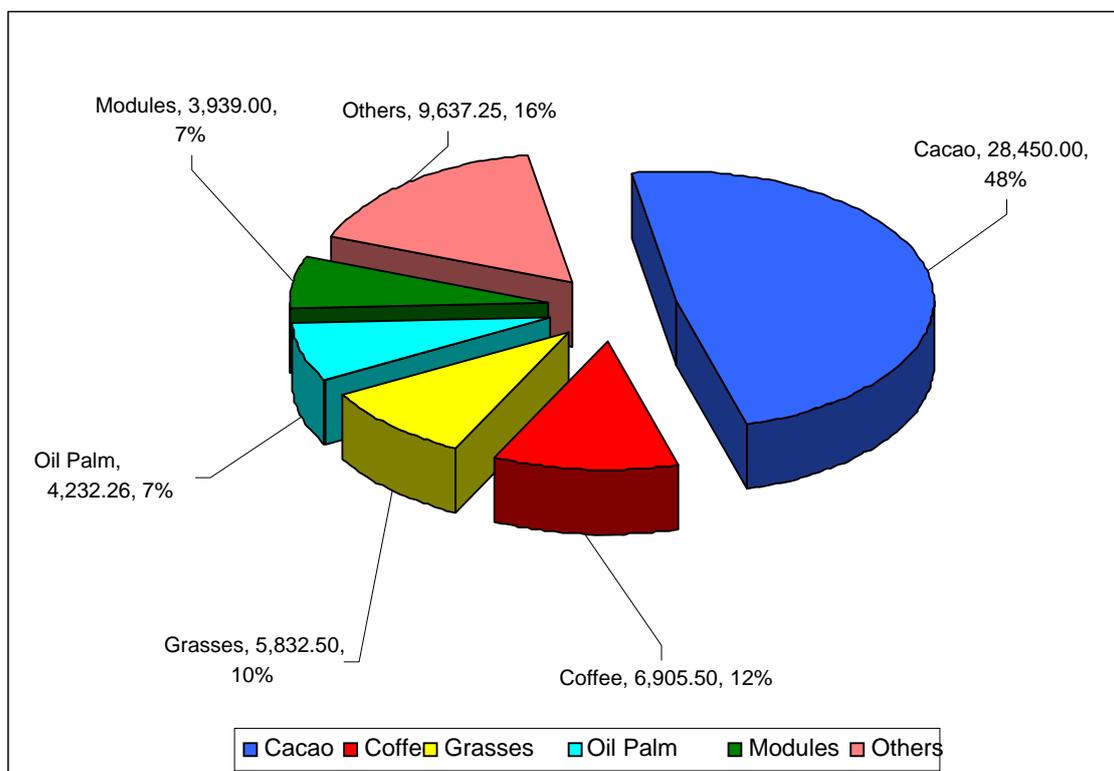


The PDA's main crops in the VRAE

The most representative crops in PDA's area of intervention are the four shown in Graph 10. Cacao continues to be the principal crop attended to by the PDA, with 28,450 ha, which represents 48% of total crops attended; followed by coffee with 6,905.50 ha which represents 12%; grasses with 5,832.50 ha, which represents 10% and lastly oil palm crops with 4,232.26 ha, which represents 7%. The remaining 23% is made up of other crops such as 'pijuayo' for hearts of palm, corn, cotton, pineapple, citric fruits, camu camu and others, in addition to the modules.

Module projects (small animal husbandry, cattle, fish farms, etc., modules) are gaining increasing popularity since these are projects which involve the participation of women, and also help to improve the family's diet.

Graph 10: The PDA's main crops in the VRAE



Information System Module for Economic Activities

During the quarter efforts have been made to continue to implement the formats proposed by the Regional Offices for following-up the progress being made by the different productive projects (crops and animal modules). We have continued to monitor the updating of beneficiary rosters for technical assistance subcontracts and grant agreements.

The module is functioning at 100% of its capacity and it is the responsibility of the Regional Offices to keep the information updated, prepare the necessary reports for checking the progress being made by the different activities and the information being entered into the system.

The Central Office has continued to send out agreement and sub-contract expiration reminders, and alerts to prioritize the new communities under the 2007 Plan with productive project implementation still pending.

Field Schools (ECAS)

The ECAS or Field Schools are still being implemented with the aim of improving the quality of technical assistance. In the Regional Office of Aguaytía, 10 ECAS have been implemented: five for cacao crops, two for banana crops, one for oil palm crops, one for 'pijuato' for hearts of palm crops and one for coffee crops.

Thirteen ECAS have been set up in the area pertaining to the Regional Office of Tingo María: seven for cacao, four for coffee, one for citric fruits and one for grasses. The Regional Office of Ucayali currently has 62 ECAS: 37 in Neshuya and 25 in Campo Verde. The Regional Office of Tocache has 15 ECAS in operation: 11 in post-eradication communities and 4 in R-379 strategy communities. The Regional Office of San Martín has started implementing 15 ECAS, located in the San Martín Norte region: 8 are for cacao crops, 6 for coffee and 1 for 'pijuayo' for hearts of palm.

Lessons Learned

- a) The formulation and reformulation of agreements and subcontracts for crops must be opportune and must conform to the farming calendar and nature of the crop. All proposed changes must be clearly justified and fully-described. The formulation of grant agreements for the purchase of animals must also clearly and precisely state the characteristics of the acquisition (age, breed, weight, etc.).
- b) The ECAS constitute a strategic ally for the transfer of knowledge and vehicles through which to encourage the farmers to employ adequate management practices on their plantations. The idea is to get them to replace traditional unsustainable methodologies such as those whereby techniques are passed on farmer-to-farmer, for sustainable ones.
- c) It is important to keep the information updated because it constitutes a management tool for the regional coordinators. It is an essential tool for adequate and timely decision-making.
- d) Constant monitoring in the field, of the information delivered by the subcontractors and grantees, as well as good-quality acquisitions, will avoid problems related to project implementation in the future.
- e) It is beneficial to select operators who are associated to the business or product being promoted by the project.
- f) Periodic and permanent communications on project advancement, help to improve relations with the communities and local governments.

Recommendations

- a) Review all pending demands of attention from the communities in order to ensure frame agreement compliance; comply with the established closure plans and schedules, and request the necessary technical support.
- b) Organize time adequately so as to be able to carry out field supervision and feed the results of this into the information system simultaneously. This would

help to have updated and real-time information available at all times for decision- making.

- c) The supervision visits to the productive projects must include the presence of Economic Activity and Environmental specialists, as well as Local Development promoters to achieve sustainability.
- d) Work should be closely coordinated between the Economic Activities component and the Financial Analysis component, to secure a harmonious relationship between investments and project advancement.
- e) Every activity must be highly aware of and respect the farming calendar, and organize technical assistance according to the nature of the crop. Likewise, the animal life cycle must also be taken into account.

NATURAL RESOURCES AND ENVIRONMENT COMPONENT

1. Executive Summary

This quarterly report describes the activities carried out by the Natural Resources and Environment component throughout the July- September period. Our activities are defined by the Programmatic Environmental Assessment (PEA), which is an environmental management instrument which focuses our activities in two separate areas: **forest and environment**.

Part of the reporting quarter was dedicated to develop reforestation and agroforestation projects in the valleys of Aguaytía, Puerto Inca, Tingo María and San Martín. The forest certification project on the other hand is still at the stage where the PDA and the PRA project are making their best efforts to strengthen the technical area, through continuous advisory services. The total coverage of the aggregate of these projects amounts to 59,140.3 ha, with an investment amount of 442,183.85 Soles.

As far as the environmental process required by the PEA is concerned, we can report that all of the activities listed for sub process 10 (i.e. Environmental Monitoring and Evaluation), have been successfully complied with. The results are shown in more detail in section 3.2 herein.

With regards to our coordination activities, we programmed meetings with DEVIDA's Environmental team to plan the implementation of the action plan to set in place the recommendations given by the 2006 Environmental Audit. The result of these meetings was a technical meeting held September 27 - 28 on the new proposal for formulating the Initial Environmental Assessments. This proposal will be submitted to USAID for its consideration. Part of this Action Plan involves implementing 5 workshops in 5 selected communities, to prepare forest project profiles in areas that have been degraded by years of coca crop farming.

2. Objectives

- To ensure that all of the projects undertaken by PDA are executed in conformity with Peru's environmental legislation and USAID's environmental regulation 216.

- To promote and establish legal economic activities based on the responsible use of forest resources in such a way that the participating population may have access to better living conditions.

3. Results

3.1. Projects Executed - Productive Forest Activities

Main activities developed this quarter in the various PDA intervention areas include:

Local Forests

The General Forest Management Plans and their respective Annual Operation Plans for the local forests of the communities of Shumanza and San Juan de Abiseo are at the technical administration stage waiting for approval. Again, this is another example of just how long INRENA can take to approve the GFMPs. The PDA has permanent coordination with INRENA to help this process, but is subject to institutional obstacles within INRENA.

These local forests are commitments assumed by the PDA under the R379 stage, and were established based on the Rehabilitation and Improvement of rural roads in both areas.

Monitoring of certified forests in the native communities of Santa Martha and Sinchi Roca

We are involved with providing technical assistance to the certified forest of the native community of Santa Martha. This project contemplates the implementation of an intermediate technology saw module for an extension of 10,198 certified hectares.

Natural Rubber Management and Production Modules in native communities of Santa Martha

This project is being carried out with ASPERU and Shiringas SRL, the company subcontracted to undertake the technical assistance program. The aim of this project is to implement 84 '*estradas*' for management and production; each '*estrada*' is made up of roughly 150 trees.

Reforestation in six villages in the district of Piscocoyacu

This project is being developed through the district-scale Municipality of distrital de Piscocoyacu. Field work started up in the first week in August. We have purged the beneficiary rosters so as to filter out the ones who are not really committed to the program and work only with those who are. This exercise has left us with 112 beneficiaries. Based on this number, we proceeded to reformulate the project to adjust to these reduced requirements. So far this quarter, we have trained 6 groups of project beneficiaries, which translates into 40% of total advancement.

Installation of a Forest Nursery and Recovery for Reforestation Purposes in Pachiza C288

This is a project that is being co-developed with the district Municipality of Pachiza. Accumulated advancement of this project to date is 60%. The project has managed to produce 42.000 seedlings and in order to take advantage of the first rainy season, work has begun to replant the seedlings in their final fields.

Installation of a Nursery and Reforestation of San Roque de Cumbaza CD 284

This is an agreement that is being carried out through the district Municipality of San Roque de Cumbaza. Its main purpose is to recover those areas that have been degraded by years of coca-farming, in the area of San Roque. The aim is to reforest 60 ha belonging to 2 communities, in order to benefit 60 families. Progress made so far is 95%. Technical assistance has been provided to beneficiaries through 3 training sessions based on families promoting sustainable environmental practices.

Installation of a forest nursery to reforest an area in Boquerón-Padre Abad

This project, whose goal was to produce 10.000.00 seedlings, has been successfully completed. Some of the plants have already been used to decorate the town's main streets. The grantee has requested authorization for the excess plants to be given to the University of Ucayali, who has a subsidiary in the small town of Boquerón.

Installation of an Agro-forestry System in 3 communities in the District of Saposoa CD390

The beneficiary rosters have been purged and updated. Training courses have been provided to 3 communities. Project advancement is 46%. The aim of this project is to install an agro-forestry system over 63 ha.

Installation of 14 ha of Guazuma Crinita in the community of Santa ANA CD 353

This project is being executed by a company by the name of Interétnica de Reforestación Amazónica. Its aim is to establish 14 ha of *Guazuma Crinita (bolaina)*. Other species have also been installed to diversify the fields with species such as *Lupuna* and *Capirona*.

Installation of Forest Species for Forest Use Purposes in the Community of Nuevo Jordán in the District of Padre Abad CD 476

This project is still in implementation. The objective is to install 34,000.00 seedlings over an extension of 34 hectares, benefiting 32 families in farming plots and degraded areas, planting species such as '*capirona*', '*bolaina*' and cedar.

Reforestation at the intakes of the potable water systems in the communities of San José and Primavera, CD 372

In the reporting quarter the grantee established the installation of 4,600.00 seedlings over an extension of 4 ha, and complemented the project with training on environmental and technical issues in relation to project execution. The environmental aim of this project is to protect the headwater which supplies water to both communities.

Establishment of 4.5 ha of forest species in the communities of the Pincuyo-Puente Pérez and Puente Prado sector, CD 507

This project is currently in implementation with a reported advancement of 40%. The aim is to install 3,700.00 diversified seedlings in the area adjacent to the National Park of Tingo María. We carried out a joint visit with INRENA technicians in charge of the National Park of Tingo María, and concluded that we need to diversify the forest species so as to establish a food supply for the local fauna. Among some of the proposed new species are palm trees, *guabas*, *lúcuma de monte*, breadfruit tree and *moena*.

Table 1: Productive forest activity projects executed during the reporting quarter

Valley	Carpentry modules	Community	Surface area	Investment s/.	Observations
Tingo Maria	Local forest	Gosen	362.00	11550.00	Project completed
	Carpentry modules	Gosen	01 module	26750.00	Project completed
		San Jose de Pucate	4.0	13690.00	In implementation
	Primavera	In implementation			
	Reforestation	Puente Prado-Puente Pérez	4.5	12216.00	In implementation
Ucayali	Modules and TA for Rubber	Santa Martha	3000	252697.60	
	Forest management in privately-owned plots (Reinforcing TA and delivering a portable saw module)	Santa Martha	54,901.00		In the 3 rd phase, Reinforcing Technical activities in The certified forest process
		Sinchi Roca			PRA project contributing with TA for The certified forest process
San Martin	Installation of a Municipal Nursery and Recovery of degraded areas in San Roque de Cumbaza, Province of Lamas, Region of San Martin	San Roque de Cumbaza	37	30,097.00	In implementation
		Chontal	23		In implementation
	Installation of a Municipal Nursery and Forest recovery in areas adjacent To the SAP intake of the district of Pachiza, Province of Mariscal Caceres	Alto el sol	60	49573.00	In implementation
		Atahualpa	20		In implementation
		Ricardo Palma	20		In implementation
	Installation of agroforest systems in 6 communities of the District of Piscocayacu Province of Huallaga, Regio of San Martín	Nuevo Piscucyacu	25	27920.00	In implementation
		José Olaya	30		In implementation
		Nuevo Sacanche	32		In implementation
		Primavera	19		In implementation
		La Pedrera	20		In implementation
	Installation of agro forestry systems in 3 communities in the district of Saposoa	Huacha	9	10205.00	In implementation
		Ahuihua	25		In implementation
		Bagazan III	13		In implementation
Bagazan IV		23	In implementation		
Local forest (PGMF & POA)	Almendras	2		Paperwork in INRENA	
	Shumanza	500		Paperwork in INRENA	
	Local forest (PGMF & POA)	San Juan de Abiseo	372.76	45785.25	Paperwork in INRENA
Tocache	Local forest (PGMFY POA)	Mantención	464	15000.00	Completed
		Alto Santa Cruz	488	20790.00	Completed

3.2 PEA IMPLEMENTATION

In the reporting period we have carried out sub process 10 of the PEA: Environmental Monitoring and Evaluation for productive projects in the various valleys. This is done through external consultants who are paid with money from the budget assigned to the Natural Resources and Environment component.

3.2.2 Environmental Inspection carried out on Productive Projects

Tingo María Regional Office

There are 3,367 ha of productive projects being implemented including coffee, citric fruits, grasses, cacao and banana crops. In this quarter, technical assistance operators focused on lifting the environmental observations issued by last quarter's audit; 75% have been successfully corrected and checked with DEVIDA.

Tocache Regional Office

In the reporting period, the Tocache regional office visited 9 communities that joined the PDA under 2 grant agreements: CD257 and CD404. The results of these visits made it clear that we need to strengthen the technical assistance teams with meetings to instruct them on environmental issues that need to be enforced in the field and checked by them on a permanent basis. During one of the visits to beneficiaries, in which we accompanied a technical assistance team specialized in cacao crops, we were able to confirm that environmental issues are hardly touched upon. It is absolutely crucial that these technical assistance teams stress the importance of environmental compliance while productive projects are being implemented. The plan is to carry out an environmental audit with external consultants using a 944 ha sample.

Ucayali Regional Office

Environmental audits have been conducted on productive projects in the area of Neshuya (305 hectares). It was evident that 97% of audited beneficiaries do not handle farm residues/waste correctly. Another poignant deficiency was the high percentage of beneficiaries (95%) who are failing to conserve the marginal belt, causing erosion and deforestation problems in those areas.

San Martín Regional Office

Environmental audits were carried out on 18 grant agreement communities lying between the north and south ends of the valley, using a sample of 811 plots of land of a total of 3,129 ha. Crops included cacao, coffee, 'pijuayo' and grasses. Los resultados resaltantes de esta fase de inspección es la quema de las parcelas en la fase de instalación de los cultivos, el resultado promedio arroja que un 68% de los beneficiarios inspeccionados aplican la quema; en base a ello es necesario hacer un trabajo continuo de capacitación y visita frecuente cuyo objetivo sea que los agricultores realicen acciones de quema controlada y así mitigar la alta quema que existe en la zona de San Martín sobre todo en ésta época seca.; otro resultado relevante es referente al manejo de residuos en ámbito de toda la finca ya que el 82% de agricultores visitados no manejan los residuos que se generan en la finca, es preciso para ello reforzar el trabajo de capacitación y frecuencia en este tema tanto a la comunidad como a la asistencia técnica. The most notable problem revealed in this initial inspection stage was that farmers are burning their plots during the crop installation phase. Results showed that on average, 68% of the audited beneficiaries use slash-and-burn methods. This implies that it is crucial for us to train the farmers on a continual basis and visit them frequently so that they use controlled burning methods and thus mitigate the high burning rate currently existent in the area of San Martín, particularly during this dry season. Another important finding was that 82% of audited farmers do not handle farm residues correctly. This is going to require us to intensify training and instruction on this issue, directed both at the community members and technical assistance personnel.

All of these projects already have their corresponding integrated Management Plans to ensure that the grantee, technical assistance staff and beneficiaries

apply the required environmental measures. It is obvious however, that in the field, these require the attention as explained in the preceding paragraphs. This indicates the need for us to step up our efforts and intensify training of TA staff employed by the various operators hired to undertake the productive projects, so that they internalize and enforce the environmental processes.

3.2.3 Environmental Inspection carried out on Infrastructure Projects

Aguaytía Regional Office Environmental audits have been conducted on 12 grant agreement communities, including 4 roads that are currently being refurbished. The Río Blanco road presents the most observations and these are relative to the formation of the Maintenance Committee. It is clear from this and previous visits that the Municipality of Padre Abad (the grantee) is reluctant to adequately comply with the required environmental measures. Another one of the projects involves the Potable Water System (SAP) of the native community of Santa Rosa. The headwater area is seriously deforested and there is farmland on both sides of the river. It is very important for us to visit the community and explain to both the Maintenance Committee and the community members that the headwater should be off bounds in order to protect and preserve this source of potable water.

Tingo María Regional Office We have conducted an environmental audit on 4 infrastructure projects: CD 406 Improvement of the access road to Alto Afilador; CD 483 Rehabilitation of schoolrooms in Peregrinos; CD 484 River defense in the community of Topa; CD 485 Defense for the Pendencia Bridge. These four projects have no significant environmental observations and appear to be applying the required environmental measures correctly. Nevertheless, it is important to visit them more frequently and provide constant training on environmental issues, especially for the Maintenance Committees.

Tocache Regional Office Eight grant agreement communities have been inspected for environmental compliance. Work included inspecting the project to refurbish the stretch of road running from la Florida – Moyuna CD 403. There were a number of observations made with respect to environmental non-compliance as the technical file considered environmental activities unrelated to the development of this project. We have officially notified the Infrastructure component about this, so that they can instruct the project executor (Municipality of Tocache) to reformulate the environmental requirements to suit the project in question and take note of the observations made by the Natural Resources component which also coincided with those of DEVIDA.

Ucayali Regional Office Environmental inspection was carried out on 11 infrastructure projects. Six of these are being undertaken by different Municipalities and it was clear to us during our visit, that all six of them are extremely reluctant to implement the required environmental measures. The other five however, are being carried out by subcontractors and these are complying with the environmental requirements.

3.2.4 Key issues related to PEA implementation include the following:

Table 3. Future Key Activities

FUTURE KEY ACTIVITIES
Environmental Inspections on Productive Projects in all of PDA's intervention areas
Close all projects generated by the forest component
Monitoring and Evaluation of forest projects generated by the forest component of this Natural Resources and Environment component.
Obtain forest project profiles through the SNIP, in coordination with DEVIDA.
Prepare the Proposal for the new formulation of Initial Environmental Assessments

4. Conclusions and Recommendations

4.1 Lessons Learned

Frequent field visits help us to decide which environmental measures farmers should apply.

4.2 Constraints

TA operators need to correctly guide the farmers on the implementation of environmental measures. This makes it necessary for us to work together with the operators to revert results related to non-application of environmental measures.

The grantees in charge of operating the infrastructure projects require more support in applying environmental measures.

4.3 Challenges

Preparation of an Environmental Monitoring Plan to include co-work with TA operators.

4.4 Recommendations

Provide ongoing training to project operators, so as to minimize environmental impact at the time of implementing the projects.

CHAPTER 4: COMMUNICATIONS

1. Strategic planning process for communications

In the reporting period this component has mainly focused its attention on adjusting the operation plans to fit the PDA's closure plan. The prioritization of activities according to their expected impact and the available resources has had positive results. We also designed a plan to give closure to this Communications component in December that will allow us to continue the strategy.

Programmatic coordination with the PDA's Local Development component continues and we have focused on the design and implementation of capacity building development management strategies in the communities. Joint planning efforts being carried out with CEDRO are integral for community work. Special emphasis has been placed on the production of media and community communication spaces.

The planned and executed public opinion strategies have managed to keep the PDA in the media despite having less PDA-promoted spaces. We have defined the management processes for monitoring and following-up the operation plans; these will shortly be incorporated into PDA's monitoring system.

Among the reporting quarter's main activities are:

- Co-work with the Program's Local Development, Economic Activities and Environment components centered on producing educational material for farmers and on designing capacity building development management strategies to mitigate environmental impact.
- The CEDRO/PDA planning process is optimal; we continue to carry out activities by area, according to a joint work schedule. This close coordination has been fundamental for heightening the impact of our community communications and public opinion efforts.
- The system to monitor and follow-up the operation plans is currently being incorporated into PDA's monitoring system. It is a fundamental tool for the management of the area.
- Work to reactivate the Regional Technical Committees (Comités Técnicos Regionales, CTR) has been resumed. USAID partners are also participating.

2. Public Opinion Platform

During the reporting quarter the Communications component has continued to promote Program activities through coordinated work with local and national scale media. We have also produced a series of products for this.

2.1 Nationwide Campaign on RPP

The campaign continues to broadcast sensitizing messages on the drug problem in Peru, although we have reduced the intensity somewhat so as to avoid over saturating the audience. We have reduced the number of messages from 14 spots per day to between 6 - 8 per day.

Moreover, we are preparing the contents of the last phase of the campaign together with DEVIDA. This will address preventive aspects of drug abuse and the consequences of drug distribution in the cities.

2.2 Production of radio programs and airing of radio and TV spots

During the reporting period, 508 fifteen-minute radio spots were broadcasted during peak times through every local radio station in the localities of Tingo Maria, Aucayacu, Pucallpa, Aguaytia, San Francisco, Huanta, Juanjui and Uchiza.

In the city of Tarapoto, the PDA has two daily radio programs: Palabra de Mujer, which is directed and conducted by women (Radio Tropical); and El Vocero de Huallaga, which is directed at the rural population and reaches the populations of Chazuta, Barranquita, Huimbayoc, Chipurana, San José de Sisa, Picota, Sauce and others. 45 programs were broadcasted during the reporting period.

In Pucallpa, we have three 15-minute long TV spaces on the PDA, three times a week. A total of 65 TV spaces were aired in the reporting period.

2.3 Production of audio visual and printed material

We have negotiated the airing of our miniseries “Tiro de Gracia” with América TV. The date for introducing this miniseries has been set for the first days of 2008. To this effect, we have prepared a quality assessment study to draw-up a baseline prior to putting the miniseries on air.

Two videos were recorded and edited during this period. One was a 7-minute long video on the products of the Alternative Development Program, prepared for the ceremony to celebrate the signing of an agreement between DEVIDA and Promperu. The other video showed the PDA’s VII News Program, and contained four news reports on the products and activities in the region of San Martin.

A number of DVDs containing the PDA Informa VI program were distributed both regionally and nationally. It is being broadcast in local communities and television stations.

The PDA Chronicles, a graphic and audiovisual product which highlights PDA's progress during these 5 years of intervention is currently in production. We have defined all of the necessary products according to their respective objectives and carried out all of the preproduction activities. All of the field work required for the production of the abovementioned materials was completed by the end of September.

2.4 Public activities

2.4.1. Consolidation of the cacao boom in Junjui.

With the help of Mike Green, (USAID), we designed a reconnaissance route to measure the progress made by cacao crops in the area of the Huallabamba river valley, in Junjui. Members of the regional press (San Martín – Tingo María) and of two nationwide media channels (Canal N and the Revista Somos), accompanied us on this reconnaissance route. They aired/published extensive and very positive reports on the changes that the PDA has made on the quality of life of the beneficiaries in that region.

2.4.2. Wong Parade

We designed and constructed a PDA float for the Wong Parade. The parade was watched by roughly 250,000 spectators on July 22, and was aired by all of the television channels (overall rating: 10 million viewers).

2.4.3. PROMPERÚ – DEVIDA Agreement

During the reporting period, we prepared a video and exhibition of export products for the signing of an agreement between PROMPERU and DEVIDA. This agreement is to exhibit PDA-supported products in international fairs.

2.5. Work with Amazonian Network of Communicators

The San Martín network (made up of the sub-offices of Tarapoto, Junjui and Tocache) edited and published two 8-page supplements, for the *Ahora de Tarapoto* daily, in an effort to emphasize social responsibility in reporting.

We also worked on the conceptual and logistic aspects of the V Meeting of Amazonian Network of Communicators, scheduled for the end of October in Junjui. The meeting was then reprogrammed for the last week in November.

A training course was prepared together with the Network of Tocache, as part of a capacity-strengthening strategy for communicators. The course involves specific

reporting techniques in addition to reinforcing social responsibility among communicators.

3. Community Communications Platform

A number of community communication spaces (malocas) were implemented during the period in question. These were publicized by wall newspapers and community horns. The active involvement of PDA's Local Development component and CEDRO has been highly important. Additionally, efforts were made to identify leaders with good communications skills to make up the editorial committees in the communities where the pilot program is being carried out; work meetings have been held with some of these committees so that they can take charge of managing communications in their communities.

In Ucayali, we continued to organize sensitization workshops in the communities themselves, to dissuade farmers from employing slash-and-burn techniques.

Quarter activities include:

- The implementation of 10 community communication spaces (wall newspaper and/or community horn): 7 in Aguaytía and 3 in Tingo María.
- The formation of 14 editorial committees: 7 in Aguaytía, 3 in Tingo María and 4 in Pucallpa.
- The organization of 3 capacity building workshops for development management: 2 in Tingo María and 1 in Aguaytía. About 30 community leaders from 5 communities participated.
- Conducting 13 environmental sensitization workshops, in Ucayali.
- Four (4) community campaigns and/or information fairs: 2 in Ucayali, 1 in Aguaytía and 1 in Tingo María.
- Eight (8) PDA Informa exhibits in San Martín.
- Five (05) community murals in San Martín.

4. Lessons learned

- We have confirmed that, in terms of cost-benefit, it is beneficial to promote PDA-supported activities in Lima (i.e. inviting Lima-based reporters to visit PDA – supported cacao projects and see for themselves just how well they are producing). This, coupled with a regional strategy (involving reporters from major

media channels in Lima) helps to amplify the mediatic impact on the public at both regional and national levels.

- It is extremely advantageous to exploit PDA's informative capacity now that there are visible results. The program has been gaining this mediatic space little by little, and the way we handle this is going to be crucial in the future when the information-type media takes over the publicity-orientated media.
- It is important to identify and strengthen community communication leaders for two reasons: It will speed-up the communities communication process and it will encourage people to opt for legal lifestyles when they see that other individuals have made the change and switched from illegal to legal economies and are now benefiting from this.
- We need to coordinate work with the Local Development component more closely so that each component knows what its responsibilities and tasks are, and work together where necessary. This is going to be crucial for the new program where the strengthening of governance and social organizations is going to be key for achieving the objectives.

5. Activities planned for the next Quarter

- The last quarter of the year is important inasmuch as the PDA will have to consolidate the perception that it did in fact contribute to regional development. In this sense, it is going to be necessary to work on media action plans together with the regions.
- At central level, the PDA is going to have to produce the material required to make the PDA's efforts known to the public. In this line, the following three projects are indispensable: PDA Chronicles, a product containing graphic and audiovisual material; a documentary on Los 5 años del PDA (The PDA: 5 years of work) and a series of information sheets on the most significant PDA achievements in the different areas.
- It is going to be very important to consolidate the work method used by the Community Platform, during the last years of the Program. The method has proved successful inasmuch as it has achieved a certain grade of behavioral change, but there is still room for improvement to make it optimal. In this sense, it will be important to assess the degree of participation in the implemented pilot plan.
- Meetings should be held with the different communities so that they can agree to a common vision for the future and thus complete the community communications pilot program.

- We will continue to strengthen leaders with good communication skills in the pilot communities, so that they may take over the organization of the information 'malocas' and produce communication materials designed to advocate legal lifestyles among community members.

CHAPTER 5: PERFORMANCE MONITORING AND EVALUATION

The primary objectives of the PDA 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)

During the July-September quarter, the M&E Information System concentrated primarily on providing reports to support the PDA's close-out efforts. Main activities included:

- Developing new information alerts to check contracts with pending balances, and which require financial closure. This helps us to determine exactly how much still needs to be disbursed.
- The applications of Economic Activities have been modified (specifically for Technical Assistance), in order to be able to capture the data related to the age of the plantation and volume of crops. All of this data will then be updated for each beneficiary, using the standardized formats provided by Technical Assistance. In September, Technical Assistance began reporting this data and this is now available in the Information System.
- We have continued to work to technically document the Information System. This quarter was spent working on the Contracts and Grants Module and the Infrastructure Module.
- The idea is to implement a copy of the database that PDA has in its main server, in each of the regional offices so that users at the different regional offices can rapidly access the database. It would only be offset by 24 hrs. The pilot plan for this would initially be implemented in the Regional Office of Tarapoto and then eventually in the other Regional Offices.
- A plan for the development of base reports which will permit the regional offices to have a set of frequent-use reports has been prepared. The monitors from each RO will be responsible for implementing these base reports with the support of PDA's central office.

B. Performance and Monitoring

Internal monitoring was carried out during the reporting period to verify the degree of compliance of the commitments assumed under the Frame Agreement, measure the performance of grantees and subcontractors in charge of executing the projects, and validate the information entered into the system.

Some of the more activities/results included:

- Conducting 1,671 case studies of farmers out of a total of 46,602 farmers who have been receiving and still receive technical assistance for PDA-supported crops.
- 98% of the farmers interviewed have received technical assistance. The other 2% who have not received technical assistance are engaged in cotton, pineapple and pasture projects in Aguaytía and coffee in Tingo Maria. These individuals have either left the community and/or are no longer involved in farming.
- During the past 3 months technicians have visited the farmers about once a month. This is twice as frequently as last year.
- Technical assistance visits to projects engaged in the production of citric fruits, grasses and bananas in Ucayali; cacao, coffee, pineapple, bananas and grasses Aguaytía; and coffee in Tingo María however, did not include visits to all of the farmers interviewed by us.
- 91% of farmers have learned new farming techniques, while 9% consider that technical assistance has been insufficient and/or that they were already familiar with the methods taught by the technical assistance staff. We confirmed that farmers are effectively implementing these new methods, during our inspection visits.
- The most common farming practices include: nursery management, contour-level planting, aligned plantations, grafting and pruning methods for the removal of branches.
- 93% of those who say they have learned new farming methods do in fact apply them. The other 7% does not apply them, and explain that the reason why they don't is because the crops are still too young and/or they lack resources.
- 59% of the farmed area is PDA-supported farmland, and 47% is at the production stage, either starting up production or fully productive. (see the table below).

Type of crop	Total area being farmed (hectares)	In production	Growing	Total area supported by the PDA	% of area supported respect total area
Cacao:	1,328	559	769	799	60%
Coffee	485	311	174	258	53%
Oil palm	227	93	134	120	53%
Hearts of palm	78	36	42	34	44%
Pineapple	2		2	2	100%
Citric fruits	29	2	27	23	79%
Papaya	15	5	10	9	61%
Banana	100	60	40	66	66%
Total	2,264	1,066	1,198	1,344	59%

- Coffee farming plots are the most advanced; cacao and other perennial crops are just starting production (see the following chart).

Crop	Nursery	Growth	Flowering	First harvest	Full production	Abandoned
Cacao:	22%	45%	10%	18%	5%	1%
Coffee	9%	33%	5%	7%	46%	1%
Hearts of palm	31%	64%	2%			2%
Oil palm	10%	73%	3%		13%	

- The VRAE has the largest surface extension of coffee and cacao in full production.
- Of all of the plantations visited, 65% of cacao, 57% of coffee, 54% of hearts of palm and 77% of oil palm plantations were found to be in good condition.
- The average planting densities for cacao, heart of palm and oil palm are within optimum range. In the case of coffee, it is necessary to adjust plant density for some types of coffee, as different varieties require different spacing requirements. Cacao grafting shows an advancement of 53% and needs to be completed. San Martín and Aguaytía have the lowest number of grafted plants (see the following chart).

Crop	Crop density (plants/hectare)	Number of grafted plants
Cacao:	1,110	585
Coffee	3,310	-.-
Hearts of palm	4,811	-.-
Oil palm	124	-.-

- Harvesting has started and plantations in full production have produced: 565 kg/ha of cacao, 748 kg/ha of coffee, 5.4 t/ha of oil palm, 434 kg/ha of cotton and 4.5 t/ha of bananas.
- Aguaytía produced the most cacao (1,200 kg/ha) and Tochache the least cacao (327 kg/ha).
- Tingo María had the highest yield for coffee (946 kg/ha or 21 qq/ha) and Aguaytia the least coffee (527 kg/ha or 11 qq/ha).
- 60% of the farmers have increased their production levels. Farmers producing cacao and coffee show the highest production levels: 65% and 62%, respectively.
- The great majority of farmers producing hearts of palm and cotton do not think that there has been any improvement in their production levels. This is principally due to the fact that the palm hearts are not yet in full production and that cotton is an annual crop.
- 43% of farmers report to have a better economic situation, with cacao and coffee farmers leading the way.
- The highest percentage of farmers who have improved their productivity levels and income from the sale of cacao and coffee are those working in the VRAE and San Martín.
- 36% of all farmers interviewed sell their production through companies identified in the Business Plan; the rest do so through middlemen.
- The entire production of hearts of palm and oil palm, and two thirds of the cotton production were sold through buyer companies selected in the Business Plan, in the areas of Aguaytía and Ucayali.
- 20% of the farmers interviewed belong to a producers' committee or association.
- 69% of hearts of palm farmers in Ucayali, 79% oil palm farmers in Aguaytía, and 42% of coffee farmers in the VRAE belong to some type of producers' association or committee.

- 93% of the farmers interviewed declare that their intention is to continue producing the crops that they have and are satisfied with the support provided by the PDA.
- The most highly motivated PDA-supported farmers are those in Tocache, San Martín and the VRAE, especially those producing cacao and coffee.
- 15% percent of the grass projects managed by the interviewed farmers are PDA-supported projects. They have 1,711 heads of cattle, that is, 1 head of cattle per hectare of pasture (see following chart).

Regional Directorate	Total hectares of pastures owned by the farmer	Hectares of pasture supported by the PDA	Heads of cattle
Ucayali	1,374	170	1,317
Aguaytía	312	74	169
Tingo María	126	23	225
Total	1,812	267	1,711

- In Tingo Maria 96% of interviewed farmers own cattle, 39% in Aguaytía and 75% in Ucayali.

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

- Conducting joint information audits with the technical areas to verify the progress made with respect to updating the M&E system's data.
- 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.
- Carrying out a georeference analysis on the areas covered by CADA with respect to voluntary eradication and following-up post-eradication.
- At Regional Office level: Reviewing signatory rosters (to avoid duplicated entries), reviewing the ITPDs for their respective approval, reviewing wage rosters (to avoid duplicating payments), maintenance works on the socialization module and providing support in negotiations processes.

EXECUTIVE SUMMARY

Chemonics International Inc. is pleased to submit the Quarterly Report for the period July 1, through September 30, 2007 in accordance with Section F.2 of Contract No. 527-C-00-04-00043-00: Peru Alternative Development (PDA) program. The objective of this contract is to promote the sustained eradication of illicit coca production in Peru. It follows a previous contract (No. 527-C-00-03-00001) which was awarded to Chemonics in October 2002 for the implementation of pilot alternative development activities in Peru and concluded on August 31, 2004. The current contract runs from April 1, 2004 through March 31, 2008, following Modification No. 8 approved January 12, 2007 that provided a six-month extension to the original contract termination date and additional funds in the amount of \$8.243 million for a second phase of post eradication integrated development activities in Tocache. In addition to the Executive Summary, this quarterly report contains a chapter describing the contextual and security environment, followed by progress made according to project CLINs 2, 3, and 5. CLIN 1, start-up, has been completed, requiring no further reports. CLIN 4 includes a variety of projects to reinforce program interventions and provide additional support in key sustainability areas. We welcome suggestions for the improved organization of the report format.

Chapter I:	Context and Challenges.
Chapter II:	Local Development and Voluntary Eradication (CLIN 2).
Chapter III:	Implementation of Community Programs (CLIN 2 and 4)
Chapter IV:	Communications (CLIN 3).
Chapter V:	Monitoring and Evaluation (CLIN 5).
Annex 1	Administration and Financial Q2 2007

Highlights of Third Quarter CY 2007

- 1015.81 hectares of coca were voluntarily eradicated by September 7, 2007, thus completing the 1,000 hectares to be voluntarily eradicated during CY 2007.
- 87 communities with over 5,848 families signed agreements of understanding not to replant coca in the Tocache post eradication program and remain loyal to the program.
- 100 percent of schools and health posts constructed under R379 were transferred to the Ministries of Education (114) and Health (14).
- 93 percent of 334 R379 infrastructure projects transferred to municipalities.
- 486 infrastructure projects completed for R379; 1 in process of completion;
- 89 completed; 24 underway for R217;
- 63 infrastructure projects completed; 20 underway for R108;
- 8 infrastructure projects completed; 4 in implementation; 11 in design phase for 2007 VE plan;
- 7 infrastructure projects completed and 6 in process of completion and 5 in design phase in post eradication communities.
- 36 percent of all productive activities have been completed; 60 percent are in process; 1 percent is in formulation phase; 3 percent were cancelled.
- 115 Farmer Field Schools (ECAS) have been completed or are in process.

During the reporting period the following event significantly influenced project activities:

On September 12, 2007 USAID awarded Chemonics International a new five-year (three years and two option years) follow-on contract to the Peru Alternative Development (PDA) project, entitled Promoting Integrated Development (PID). With a start date for PID of October 1, 2007 there will be a six-month overlap between PDA and PID, which is sufficient time for both contracts to provide for a smooth transition with minimal disruptions in program presence among beneficiary communities. The successful award of the new contract also triggered a significant shift in implementation strategy for the remainder of the PDA contract. Rather than focus on phasing out staff and bringing project activities to an orderly closure, PDA's focus shifted to planning the phase-down of PDA, while simultaneously initiating the planning for PID start up.

The impact of the new award affected PDA planning in two significant ways:

1. Rather than start a three-month close-down operation and phase-out all but essential staff by December 31, 2007, PDA began the process of phasing out only staff that would not be needed under PID, while setting in motion plans to implement PID's organizational and staffing plans by January 1, 2008. This process required significant consultation between PDA Lima and the regional offices during the month of September.
2. The other major change resulting from the new award was the need to re-examine all active program implementation grants and contracts to identify essential activities that required continuation under PDA through December, 2007, while phasing-out activities that would be reinitiated with PID resources. This exercise became mandatory because of the need to prepare budgets under two scenarios. The first presumed that Chemonics International would not win the follow-on contract and would need to invest the maximum possible resources in beneficiary communities to ensure a minimum gap in attention until a new contractor becomes operational, while phasing down staff. The second scenario, under which Chemonics International successfully wins the follow-on contract, required preserving needed staff, while curtailing grant and contract activity to be continued under PID to generate the resources for implementing the PID staffing plan.

Context and Challenges

During this past quarter, two contrasting situations evolved. First, CORAH significantly increased the intensity of its eradication work, driven undoubtedly by its need to meet a yearly target of 10,000 hectares of programmed coca eradication. As always, when CORAH heightens the intensity of its work, particularly in sensitive areas, the cocalero movement springs to action calling for strikes to force a halt to the eradication. Interestingly, the cocalero movement has had weak or tepid response from its constituency, the small cocalero farmers in the coca valleys. Two major sensitive areas for narco-trafficking are Tocache and Tingo María. In both areas there was little or no response from the cocalero communities, despite repeated calls for strikes. There are three possible explanations. First, the population is tired of strikes that bring disruption, generate violence, and harm the free movement of people and goods. Second, alternative development is indeed having an impact. Reports from Tocache indicate that farmers are enthused with their new crops and anxious to adopt a

licit lifestyle. And third, the cocalero movement is severely divided between two groups vying for hegemony.

Voluntary Eradication

Chemonics International reached its calendar 2007 eradication goal of 1000 hectares with an actual total of 1,015.81 hectares eradicated. Two-thirds of this total, or 612.63 hectares came from San Martín, followed by 236.12 from Aguaytía (district of Padre Abad), 114.13 from Ucayali (Campo Verde) and 52.93 from Tingo María (province of Leoncio Prado). A total of 98 new communities signed framework agreements, representing 71.34 percent of the hectares eradicated; 52 communities with framework agreements from previous years, representing 28.66 percent of hectares eradicated, reported “coca no declarada” and were added to these framework agreements via addenda. Only 21 new commitments for infrastructure projects were acquired in 2007, of which eight have already been completed. The bulk of the investments and commitments in the 98 new 2007 communities and 52 communities with increased numbers of beneficiaries due to “coca no declarada” pertain to productive activities, of which cacao is the most important. Commencement of implementation of productive activity benefits for most communities whose coca parcels were eradicated during this past quarter must await resources from the follow-on contract. Also, other 2007 communities where implementation of benefits has already been initiated will require rapid contracting and grant awarding action under the follow-on contract to avoid a gap in program attention.

Post Eradication Activities

The program in Tocache has continued to maintain a fast pace of activities, despite the return of CORAH to the area. As mentioned earlier, thanks to the momentum gained by the PDA post eradication program in the past year in Tocache, the dominant cocalero movements have been severely weakened by the resolve of a large part of the population to embrace a licit lifestyle and economy. While the 87 communities that signed framework agreements remain committed and loyal to the program, intense work will be required for at least an additional year to achieve sustainable gains. A major issue arose with grantee ACEGAL, charged with implementing the cattle modules. After intense negotiations and restructuring the ACEGAL administration, commitments were made to ensure that the work remains on track. Cattle deliveries have resumed and will be completed by December 2007. The situation with ACEGAL brought to light the need to reinforce program supervision for the animal husbandry program. As a result, Chemonics established a new division in the Tocache office under a highly qualified expert to look after the cattle, swine, poultry, guinea pig and fish farming activities. His team includes two project supervisors with animal husbandry degrees and a veterinarian.

On other fronts, negotiations with the regional government and the Proyecto Especial Alto Huallaga (PEAH) also reaffirmed their respective commitments to the road, including several bridges, from La Florida to Huaquisha. The women’s enterprise program was received with great enthusiasm, as was the case with the youth enterprise program. Awards were made in a public ceremony in the municipal government. PDA’s largest grantee partner in Tocache, the Cooperativa Agraria de Tocache (CAT), replaced its general manager with a former PDA employee. This cooperative continues to provide good service, though it requires close supervision and scrutiny.

The most important issue facing post eradication in Tocache is the presence of approximately 500 families from among the 87 communities incorporated into the program, but who did not

sign the no-replanting agreements. Failure to sign responds to a variety of reasons, such as skepticism of the program, a lingering interest in the benefit from the sale of illegal coca or failure of CORAH to eradicate their coca, providing little incentive to join the program and commit to no-replanting. Incorporation of these families is very important in order to ensure the highest percentage possible of participating families from among the 87 communities. The other issue is the existence of approximately 30 additional communities that have expressed interest in the program following CORAH's recent eradication efforts in areas both north and south of Tocache. This situation poses a dilemma when deciding the merits of expanding post eradication to other areas or continuing in Tocache in what could be termed a "third phase".

Implementation of Community Programs

Local Development

During this past quarter one of the most active components of the program has centered around local development, which encompasses a wide range of activities involving municipal governments, community organizations, producer associations, women, youth, other USAID partners, and special initiatives such as the international cacao conference in Tarapoto, which took place September 19, and activities leading up to the national coffee tasting competition scheduled to be held in Tingo María on October 12.

Local development has played a critically important role in working with municipalities to help move the process of transferring infrastructure projects, ensuring that municipal governments and mayors live up to their commitments in the implementation of infrastructure and other projects, such as reforestation, and providing technical assistance in the management of the SNIP process. PDA local development staff also works closely with communities to help form or strengthen maintenance committees, particularly for water projects, and provides the eyes and ears of the program to detect problems. They are often engaged in community development activities and conflict resolution. Close cooperation is building between the local development component and the communications office to reinforce program messages and to sponsor community building and training events, such as the ones that took place in a multi-community encounter in Ucayali involving the municipalities of Curimaná and Campo Verde. Local development promoters are the primary coordinators of activities with other partners, such as the Aprendes program, Healthy Communities, CEDRO and national and regional government agencies, particularly the Sanitation Office of the Ministry of Health as regards the potable water systems. Local development teams work under considerable pressure to follow-up with demands related to community participation in infrastructure, working with municipal councils as regards the transfer process, and channeling community demands. Under the follow-on contract, a more planned and systematic approach will be implemented to strengthen the local development approach.

Infrastructure

Following a major effort, the program is finally within grasp of completing the infrastructure projects pertaining to the R-379. Out of a universe of 491 projects, 486 are now concluded. The remaining projects, belonging to difficult and conflict ridden areas requiring extensive negotiations and redefinition of priorities should be completed within the next quarter. In terms of transfers, all projects pertaining to the Ministries of Health (14) and Education (114) have been transferred to these sectors and 321 of 344 infrastructure projects have been

successfully transferred to municipal governments. By the end of next quarter the program will transfer an additional seven projects, leaving 16 projects pending resolution. The final tally for infrastructure projects pertaining to the R-217, R-108 and the 2007 eradication plan (to be known as R-98) stands at a total of 222. This number does not include the cancellation of 61 projects contained in a number of initial framework agreements primarily due to a decision by some of the beneficiary communities to substitute them for productive projects. The program has completed 160 of these infrastructure projects, which represents a completion rate of approximately 72 percent. Of the remaining 62 projects, 46 are expected to be completed this quarter with the balance, primarily pertaining to the R-98 spilling over into the year 2008. These figures do not include the 19 infrastructure projects approved for Tocache under the post eradication program, of which seven are completed, six are being implemented, one is being adjudicated and five remain in the design stage. These will be completed under the auspices of the follow-on contract.

Productive Projects

Currently, PDA is supporting a universe of 46,483 families with 57,170.76 ha of crops and 4,339 families with 3,939 modules for cattle, swine, poultry, guinea pigs and fish farming in both voluntary and post eradication areas. This adds up to 50,822 families receiving some form of PDA assistance. In addition, 754 families remain to be assisted by the program with an additional 796.26 hectares of crops, primarily among new 2007 communities.

One of the constant challenges in the implementation of productive activities is the need to update community rosters to ensure that program support goes to beneficiaries who actually live in the communities and have active family plots. Each time a technical assistance contract or grant is modified to incorporate new families based on recently signed framework agreements, families that abandon the program are also purged from the list. This ensures that program resources and attention are focused on farmers with long-term aspirations to become successful producers.

As PDA has evolved, CLIN 4 resources have been progressively applied to new productive activities among early beneficiaries of annual crops, such as cotton and corn, who aspire to have permanent and more sustainable crops. Also, CLIN 4 resources have been applied to provide training and technical assistance in post harvest processing of cacao, coffee, hearts of palm, palm oil, and other crops and to distribute equipment such as fermentation boxes. An aggressive program of farmer field schools (ECA) is being implemented to improve the quality of technical assistance and technology transfer. Thus far the program is implementing or has implemented 115 ECAs with the following distribution: Aguaytía 10, Tingo María 13, Ucayali 62, Tocache 15 and San Martín 15. While the ECAs were initially designed for cacao, PDA has extended the methodology to other crops, including grasses, bananas, coffee, and others.

Forestry and the environment

Currently, PDA is implementing 11 forestry related projects in various areas of San Martín, Ucayali and Huánuco. In most cases, the municipal government is the implementing partner. The most recent project involves reforestation of the Juanjuicillo watershed together with the regional government of San Martín, the municipality of Lamas, FONDEBOSQUE, and seven beneficiary communities. This project involves introducing agro-forestry systems combined

with coffee and cacao production as well as establishing a manageable forest cover to protect the watershed that supplies the city of Lamas.

During this past quarter an intense program of environmental assessments was carried out in all regions in conjunction with USAID environmental requirements and in anticipation of the PDA contract and grant close-out process.

Communications

The communications program, while continuing to carry out its regular public awareness activities, organizing media exposure for important field visits with VIPs and producing radio and media spots to reinforce PDA work, particularly in areas such as Tocache, focused on the following major initiatives:

- Joined forces with the local development, economic activities and environmental teams in the regional offices to produce educational material for farmers and implementing capacity building events to reinforce good environmental practices and community organization and identity. PDA also continues to work closely with CEDRO according to a joint work plan to reinforce public opinion with regards to a licit lifestyle and economy.
- A system to track communications activities is currently being incorporated into PDA's monitoring system. This should be an important management tool.
- Work to reactivate the Regional Technical Committees (Comités Técnicos Regionales, CTR) has been resumed. USAID partners are also participating.

Program Management

During this past quarter, PDA management efforts have focused on the following major activities:

- A new office site has been identified and plans are underway to prepare the new site for an expected move date in late October 2007. The new office, located in a quiet neighborhood of mixed residential and office buildings, is closer to USAID and will represent a significant cost savings from the current offices.
- An intense effort has gone into preparing for the PDA close-down. An inventory has been developed of all grants and contracts, most of which will terminate by December 2007. These will require both technical and financial close-outs, an exercise that will demand considerable staff time and attention during the next five months.
- PDA has been carefully monitoring contract expenses to ensure that all commitments are covered with available resources.
- A staff reduction plan was put into place that considers staffing needs through the end of PDA and the start-up of the follow-on contract. Most voluntary eradication staff is scheduled to depart September 30.

- PDA proceeded as planned to close-out the VRAE office. Staff was terminated according to Peruvian law and most property and equipment were move to Lima for redistribution or disposal. Some equipment and furnishings were left in storage in San Francisco pending USAID's review and approval of a proposal to transfer these items to two local organizations closely associated with PDA's work. VRAE contracts, grants, and infrastructure transfers have been completed.

Key lessons learned this quarter

- While voluntary eradication has proven effective in eradicating over 14,000 hectares of illegal coca, it has serious inherent flaws that introduce negative elements, such as ambitions of immediate gains among coca growers anxious to multiply eradication wages by sub-dividing parcels to claim multiple wages, a dynamic that reinforces an entitlement attitude among community members vis a vis the program; and programmatic distortions when considering that long-term program benefits must be resolved within a short period with the risk of making wrong choices that are difficult to correct at a later stage.
- Post eradication alternative development has significant advantages over voluntary eradication, permitting better program planning, targeting from the outset legitimate farmers, developing strong program adherence through the application of temporary work focused on reinforcing individual family productive activities.
- Infrastructure projects undertaken by municipal governments with strong community participation are more complex and prone to delays and uneven progress in comparison to projects that are undertaken by private contractors. However, in the long-term, projects implemented by municipalities and communities as co-partners help generate positive community development and are more sustainable in the long-term based on community and municipal ownership. Also, their cost is considerably lower and their compatibility with the local surrounding tends to be greater and more appropriate than infrastructure projects designed and implemented by external contractors.
- Alternative development communities are in a constant state of flux with families leaving and new ones arriving. For this reason, it is important to maintain program flexibility and the ability to constantly adjust community rosters to ensure the best use of resources focused on families with a long-term commitment to become viable farmers.
- The local development component is essential for long-term program sustainability. This component focuses on capacity building, establishing needed connections between the community, municipal and external stakeholders which together form the basis for a sustainable social and economic system. In short, the local development component helps build social capital, empowerment, and connecting the dots for viable governance. It is the software of development.
- While difficult and sometimes frustrating, working with multiple partners, both public and private, is an essential strategy for longer term sustainable development. Linking stakeholders and giving them programmatic focus and tools is an important function of the PDA.

- Building a workable partnership between communications and other program areas is essential to adequately bring about lasting changes in the mindset of people.
- Post eradication AD work, to be effective, must be accompanied by the ever present threat of continued programmed eradication, until such time as a licit economy and lifestyle is entrenched and strong enough to resist the anticipated efforts of the drug trade to entice farmers to resume coca production. Continued and effective program presence is a strong contributing factor, as is the natural desire of families to free themselves of the violence and uncertainty of living in a coca-based economy.