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QUARTERLY REPORT

PERU POLICY AND INSTITUTIONAL DEVELOPMENT COMPONENT OF
THE ALTERNATIVE DEVELOPMENT PROGRAM

January 1 – March 31, 2008

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**PERU POLICY AND INSTITUTIONAL DEVELOPMENT COMPONENT (PIDC)
Of the Alternative Development Program**

**QUARTERLY REPORT
January 1 – March 31, 2008**

EXECUTIVE SUMMARY

This report describes the progress made during the period January – March 2008, the third quarter in the third year of project implementation. The project continues to follow five primary lines of action in support of the Peruvian Government on counter-narcotics issues. They include:

1. DEVIDA Strengthening
2. Precursor Chemical Control
3. Strategic Communications
4. Licit Coca Control Policy, and
5. Licit Coca Control Implementation

In order to implement actions in each of these categories, the project has continued to focus on a strategy for DEVIDA's institutional strengthening (Peru's national anti-drug commission), as well as the Peruvian Ministries involved in Precursor Chemical Control and Licit Coca Control Policy and Implementation. PIDC is also heavily involved in information dissemination to politicians and opinion leaders, as well as the general public, in Peru.

Due to the sensitivity of counter-narcotics issues and coca production in Peru, the PIDC project has worked to provide political actors and opinion leaders with the best and most reliable, up-to-date information on drug production, consumption, the role of coca in drug production, and the precursor chemical control in Peru. The creation of the PIDC legacy book began this quarter. This legacy book compiles most of the studies on development alternatives, precursor chemicals, coca market, security, and legal issues. PIDC consultants rely on their extensive personal and professional networks in the Peruvian Government, other key opinion leaders, media and institutions to disseminate new data and analysis produced with PIDC support. They have also made presentations (6), written articles for publication in the national and international media (34), and given interviews to journalists (59) on these issues.

The PIDC project continues to support the management information system for precursor chemicals, to be hosted by SUNAT (Peruvian tax authority). Our consultants have worked to facilitate the inter-ministerial coordination and cooperation that the implementation of the new information system will require.

Additionally, the project continues to provide technical assistance to FONAFE (a national fund for financing state business activities), at the request of its Executive Director, on pricing of the coca leaf.

Finally, the PIDC project continues supporting DEVIDA's institutional strengthening by providing information on the situation of narco-trafficking in Peru and specialized technical assistance to help them in the design and development of the software for the Monitoring and Evaluation of the DEVIDA Fast Impact Plan (FIP)

The project continues to consolidate the advances made in previous quarters and according to the last Work Plan that covers the period from July 2007 through June 2008, when the new contract base period ends.

1. DEVIDA Strengthening

During the third quarter of the project's third year, PIDC continued a period of intense activity in close collaboration with DEVIDA, during which several institutional strengthening initiatives were undertaken.

PIDC supported DEVIDA by directly counseling to key officials. As mentioned in the last report, the new PIR 2008 - the project provided specific advice for the implementation of the *PIR 2007* - was approved by the National Congress with approximately \$15 million in the National Budget for Fiscal year 2008. These resources will finance seventeen activities with twelve public institutions related with anti-drug policy.

PIDC contracted an enterprise for the design and development of the software for the Monitoring and Evaluation of the DEVIDA's Fast Impact Plan (PIR), and of its implementation, including the installation of the server and training of the users of the system. It is very important for DEVIDA to demonstrate its capacity to manage the PIR 2008, and the lack of a monitoring tool was a big risk to achieve the results.

PIDC continued working with DEVIDA in the area of interdiction by providing key information about the use and diversion of precursor chemicals to drug trafficking.

Alternative Development Studies

PIDC consultants have been doing research on the AD programs implemented by USAID, United Nations, European Union and the GTZ from Germany. Field visits to the USAID PDA have complemented the studies. A comprehensive presentation has been developed to inform key audiences about the effective impact of these programs as the center of the policy to fight against narcotraffic.

The understanding and the perception of the AD programs will improve due to these studies. A new book is going to be published and will compile all the research that the PIDC has been doing in alternative developments, coca market, precursor chemicals control, security and legal issues.

Narco-Senderismo (Association of remnants of the Shinning Path terrorist group with the narco-traffickers)

Also during this quarter, PIDC consultants continued providing detailed, up-to-date information and analysis to the project on the narco-senderismo movement. Through their frequent interviews with the media in Lima and the main coca areas, the consultants' work raised the level of awareness and understanding of these complex issues among the general public.

2. Precursor Chemical Control

PIDC continues to facilitate and coordinate between the Ministry of Production, SUNAT and DEVIDA to implement the Precursor Chemical Control

3. Licit Coca Control Policy and Precursor Chemical Control

This objective area includes advocacy, media, and analysis to promote policy decisions for a practical solution to control the licit coca market based on the current legal framework, as well as providing information and analysis to partners in the and USAID.

PIDC continues to disseminate empirical data on coca production and policy, precursor chemical control, security and cocalero (farmers) movement, and alternative developments, money laundry and juridical problems through targeted advocacy, media and situation analysis. In addition, the project supports communications efforts to promote better understanding of the control of the legal coca market and precursor chemicals.

During this quarter, project consultants were invited to make presentations described below on licit coca control policy-related activities.

Media Outreach Activities

Our consultants continue to actively engage the press by preparing and delivering presentations, reports, articles and commentary for journalists reporting on counter-narcotics and alternative development issues. Between January 1st and March 31st, articles on these topics appeared in crucial Peruvian media outlets including newspaper, specialized magazines, TV news shows, as well as national and local radio shows. These articles played a substantial role informing both leaders and the general public on coca and counter-narcotics. A full list of these presentations can be found in Annex 1 and 2.

Information generated and communicated by our consultants was used by journalists to produce features or commentary that appeared a total of 93 times on television programs, newspaper articles, radio shows, internet portals, and other media.

PIDC consultants continue to engage the most influential journalists in Peru, maintaining an active profile as spokesmen for: coca control policy, control of precursor chemicals, alternative development, security, current information on the cocalero movement and counter-narcotics issues in general. They held interviews with 36 journalists working for national and regional newspaper, radio and TV programs.

Presentations to Political Actors

PIDC consultants have worked very closely with other institutions to develop a number of technical presentations on the coca market, precursor chemicals, security and cocalero movement, and alternative development for distinguished political actors in Peru. During this quarter, PIDC made 5 technical presentations in Peru (See Annex 2).

PIDC continues to provide information and support to Peru's legislative branch on issues related to control of the legal coca market and counter-narcotics.

On the field congressmen visits to the alternative development programs

During February a field visit to the alternative development programs were organized. The participation of three congressmen, Franking Sanchez (APRA), Ricardo Pando (AF) and Aurelio Pastor (APRA), provided a good opportunity to present the various integrated activities that USAID is doing with the communities and the cooperatives in San Martin.

Monitoring the Cocalero Movement in Peru's Coca Producing Regions

Monitoring and analysis of the cocalero movement is an ongoing activity carried out by PIDC consultants. In addition to constant interaction with contacts in Lima and throughout the coca growing regions, important reports have been produced, including: "Las cuencas de la libertad, entre el oro y la droga".

Media Outreach on Alternative Development

The PIDC project continues to participate in a USAID working group on communications. Participants include representatives from the US Embassy, USAID Alternative Development projects, and DEVIDA. The goal of the group is to share information (public opinion data and updates on AD activities) as well as to set the primary strategy and agenda for media outreach activities.

Tironi continued to implement its media relations subcontract. Activities carried out in this quarter include the development of press releases to publicize success of the Alternative Development Program. During the reporting period, they generated (both directly and indirectly) 29 journalistic features.

Nutritional Value of Coca

During this quarter, CEDRO continued its supervision of the contract with the Nutritional Research Institute (IIN) in order to perform a study of the nutritional properties of the coca leaf.

CEDRO Advocacy

CEDRO's advocacy projects work on sensitizing and informing decision-makers, including political leaders, government authorities, village leaders and intellectuals, regarding drug issues and Alternative Development policies. Their job also consists of promoting analysis and public debate to produce precise and adequate legal frameworks for the fight against drugs and the promotion of alternative development. Likewise, CEDRO works on strengthening the regional networks of journalists so as to contribute to raise awareness disseminate anti-drug information and promote alternative development actions nationwide. They also work on developing advocacy processes with key agents (stakeholders) to promote permanent dialogue and advice on alternative development related issues.

4. Licit Coca Leaf Control Implementation

Support to FONAFE and providing Institutional strengthening to ENACO

The project supported FONAFE in order to develop a technical report about the coca leave pricing. The cocaleros, especially from Quillabamba, were pushing the Government of Peru to increase the price that ENACO pays for the coca leaf. PIDC supported FONAFE with a technical analysis of the coca market and their prices, suggesting that there was no economic reason for any increase; on the contrary this could generate unnecessary expectations for the cocaleros.

ANNEX 1

TARGETS

TARGETS					
	Impactos en opinión pública y autoridades gubernamentales	Enero	Febrero	Marzo	Total
1	Impactos de publicación de casos exitosos del PDA (Media Outreach)	5	20	4	29
2	Periodistas que realizan visitas de campo del PDA (TIRONI)	0	0	0	0
3	Congresistas que realizan visitas de campo de PDA (Cedro)	0	0	0	0
4	Periodistas que reciben presentaciones DAI/IDEI (DAI)	0	0	0	0
5	Congresistas que reciben presentaciones DAI/IDEI (DAI)	0	5	0	5
6	Otras presentaciones DAI/IDEI (DAI)	1	2	2	5
7	Artículos de opinión (DAI)	13	6	15	34
8	Entrevistas en medios de comunicación (DAI)	17	11	8	36
9	Apoyo a unidades de investigación de medios de comunicación (J.A)	18	20	21	59
10	Boletín informativo mensual del IDEI (IDEI)	1	1	1	3
11	Participación en eventos públicos	0	0	0	0

MEDICION DE IMPACTOS EN OPINION PUBLICA - enero-marzo 2008 - CEDRO					
		Enero	Febrero	Marzo	Total
1	Periodistas	11	8	18	37
2	Congresistas	3	2	2	7
3	Autoridades - Gobierno central, regionales y locales	7	9	15	31
4	Políticos	3	2	2	7
5	Líderes de opinión	15	15	14	44
6	Intelectuales	6	2	3	11
7	Organismos internacionales	20	7	11	38
8	Representantes de gobiernos extranjeros	12	9	9	30

ANNEX 2

PRESENTATIONS

1. - IDEI Presentation to INL Desk Officer Ms. Laiza Casas, **Jaime Garcia, Manuel Estela and Jaime Antezana** (28/01/08)
2. - Presentation to the Army Command (Admiral Juan Aste y Admiral Mario Caballero and 15 high rank officers from the Air Force, Army, Navy and Police. **Jaime Antesana and Jaime Garcia** (18/02/08)
3. - Presentation to the Alianza para el Futuro' political branch, to the congressman: Santiago Fujimori and Alejandro Aguinaga and congresswomen: Maria Luisa Cuculiza, Martha Moyano, Cecilia Chacon, and their staffers. **Manuel Estela** (19/02/08)
4. - Presentation to Dra. Carolina Lizarraga, Chief of the Anticorruption Office, and her advisor, Ronald Gamarra. **Jaime García y Jaime Antezana** (04/03/08)
5. - Presentation to USAID: Michael Greene and other officers, Chemonics Director (Washington) Mr. Kevin Nelly and director in Perú Sr. David Valenzuela and Chemonics officers. **Manuel Estela.** (12/03/08)