



ALTERNATIVE DEVELOPMENT

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In the San Martin region, 30,000 hectares of cacao have been planted replacing illicit crops.

Partners: National Commission for Development and Life without Drugs (DEVIDA), United Nations (UN), Regional Governments of San Martin and Ucayali, and local governments.

Implementing Partners: Consultandes, CEDRO, Chemonics International, Cooperativa Agraria Cafetalera La Divisoria Ltda., Asociación Peruana de Productores de Cacao, Cooperativa Agroindustrial Tocache, Cooperativa Agraria Industrial Naranjillo, Provincial Municipalities of Tocache, Huallaga and Lamas, and District Municipality of Uchiza.

Peru is a traditional producer of coca, the plant used to make cocaine. Studies have shown that 9 out of 10 coca leaves produced in Peru are destined to become cocaine, and that Peru supplies 28% of the world's cocaine. The cultivation and processing of illicit coca for cocaine, and the violence, insecurity, and organized crime that accompany it, impede social and economic development and pose a threat to Peru's democratic development.

Illicit coca production, processing and narco-trafficking thrive in impoverished areas with little or no government presence, bringing violence, lawlessness, and a source of financing for remnants of terrorist groups. Consequently, education, health, and private investment projects are costly and difficult to implement. USAID works in these areas promoting viable alternatives to growing coca, while strengthening local governments and community capabilities, promoting sustainable use of natural resources, building social and economic infrastructure, and improving access to health and education services.

USAID/Peru's Alternative Development Program is a key component of the U.S. Government and Government of Peru's comprehensive counter-narcotics strategy, to promote development in formerly coca growing areas and sustain coca reduction achieved with eradication programs. USAID works in close coordination with the Narcotics Affairs Section of the U.S. Embassy and the Government of Peru to identify communities for assistance where eradication has taken place. Those communities are offered the opportunity to sign "no replanting agreements" in which they commit to remaining coca-free and USAID and the GOP commit to support them with a package of assistance tailored to each community's priorities and needs.

USAID support to coca-free communities has evolved to focus on the consolidation of the economic and social gains made in prior years, in order to make them sustainable for the long term. This effort means increasing the productivity of existing cacao, coffee, and palm trees, helping farmers access credit to expand their crop production, and strengthening producer associations and cooperatives to ensure optimum prices and access to local and international markets. It also means working closely with producers and communities to support their own initiatives towards development. As part of this effort, women's well-being and gender equity are also important.

The economic development activities of the program draw the private sector to target areas, thereby increasing investments and attracting national and international businesses to these regions. Many of the specific investments in community infrastructure also motivate state presence where it did not exist previously. For example, a new school brings the Ministry of Education, and a health center brings the Ministry of Health. Alternative Development-supported projects provide an opening for government entities to establish themselves in the community and begin to provide traditional services to the local population.

Since 2002, alternative development results include:

- **Eradication sustained:** More than 15,117 hectares of illicit coca have been voluntarily eradicated, equivalent to approximately 80,000 kilos of annual cocaine production with a street value of \$8 billion.
- **Program benefits expand:** More than 52,000 families received assistance with licit crops, such as cacao, coffee, cotton, corn, palm oil, and hearts of palm, on more than 67,000 hectares. Since 2002, the program completed 660 infrastructure projects, including 175 schools, 100 potable water systems, 15 health clinics, 139 community multi-purpose buildings, 41 bridges, and 87 rehabilitated rural roads.
- **Sales grow:** More than \$10 million dollars in sales of cacao were reported in FY 2008, expected to triple in value by 2010. Approximately 2,500 jobs were created through farm labor in the Alternative Development Program communities.
- **Governance expands:** More than 42 municipalities have been strengthened through training programs, management improvement, and technical assistance. Improved local government benefits citizens in these remote, rural areas.
- **Credit reaches the poor:** More credit is available. New credit products have been designed that will link credit-worthy alternative development farmers to formal financial institutions for the first time. Through alliances with private banking institutions, credit is now available to pre-vetted clients. In the first six months of the program, 1,005 families accessed credit and \$1.2 million in loans have been disbursed.



This bridge in Uchiza, San Martin, was built by USAID to support the surrounding communities' transition to a licit lifestyle. Project infrastructure is now helping previously isolated communities to be connected to markets.



Pineapple is another crop being adopted in ex-coca growing communities with USAID assistance, such as the one pictured in the photo in Shambillo, Ucayali department.