TABLE OF CONTENTS

FOREWORD .................................................................................................................................................. 03

PART I - LATIN AMERICA .......................................................................................................................... 05

1. COLOMBIA: EXPERIENCES OF ALTERNATIVE DEVELOPMENT .................................................. 07
2. PERU ..................................................................................................................................................... 19
   1 DEVIDA - Sustainable and Integrated Alternative Development in Peru ................................. 19
   2 Agroindustria Santa Lucía S.A. ........................................................................................................ 31
   3 Palm Oil Farmers’ Association of Shambillo (ASPASH) and Oleaginous Padre Abad (OLPASA) ................................................................. 33
   4 Divisoria Agrarian Coffee Cooperative- Producers and Exporters of Quality .................................... 39
   5 Naranjillo Agro-Industrial Cooperative ............................................................................................. 43

PART II - SOUTHEAST ASIA ...................................................................................................................... 51

1. DRUG CONTROL AND ALTERNATIVE DEVELOPMENT
   COOPERATION IN CHINA .................................................................................................................. 53
2. LAO PDR - ALTERNATIVE DEVELOPMENT AND
   OPIUM REDUCTION IN LAO PDR .................................................................................................. 59
3. COUNTRY PAPER OF MYANMAR ON SHARING EXPERIENCES OF
   ALTERNATIVE DEVELOPMENT .................................................................................................. 73
4. THAILAND’S ROYAL PROJECT: TOWARDS SUSTAINABLE HIGHLAND
   DEVELOPMENT .......................................................................................................................... 91
PART III - LESSONS LEARNED INTERNATIONAL ORGANIZATIONS

AND DEVELOPMENT AGENCIES .......................................................... 109

1. CICAD - LESSONS LEARNED ON ALTERNATIVE DEVELOPMENT ........ 111

2. UNODC – ALTERNATIVE DEVELOPMENT IN PERU ............................ 121

3. EXPERIENCES AND LESSONS LEARNED IN THE ALTERNATIVE
   DEVELOPMENT PROGRAMME IN PERU (PDA) WITH THE SUPPORT
   OF USAID ................................................................................................. 133

CONCLUSIONS AND RECOMMENDATIONS ........................................ 143

ACRONYMS ............................................................................................... 149
FOREWORD

The Commission on Narcotic Drugs, the central policymaking body within the United Nations system dealing with drug-related matters, has repeatedly promoted the compilation of lessons learned and the sharing of best practices. The importance of promoting best practices and lessons learned was codified in the Political Declaration and Plan of Action on International Cooperation towards an Integrated and Balanced Strategy to Counter the World Drug Problem ¹, endorsed during the high-level segment of the fifty-second session of the Commission, in March 2009.

Clearly, it is worth compiling and disseminating experiences-gained, in most cases, over a long period of time in order to improve practices and reduce the duplication of efforts and the waste of resources. One way to complement the impact of alternative development is to see first-hand how it is done, and to talk to those who have experienced its benefits. There is no substitute for actually being in the field and seeing an activity being implemented.

This is why, in July 2009, the United Nations Office on Drugs and Crime (UNODC), with the generous support of the German Federal Ministry for Economic Cooperation and Development (BMZ) organized a visit for delegations from China, Colombia, Ecuador, the Lao People’s Democratic Republic, Myanmar and Thailand to several coca bush growing regions of Peru. The idea was to foster friendship and provide the visitors with an opportunity to learn about the difficulties, obstacles and achievements of the Peruvian Alternative Development Programme after almost 30 years of field work.

UNODC is aware that every country has its own specific characteristics and that there are great differences between regions of the world. At the same time, there are numerous similarities, both physical and social, that demonstrate that distant peoples sometimes share the same burdens and face the same hardships. Meetings between stakeholders

¹A/64/92-E/2009/98, sect. II.A.
engaged in alternative development from different parts of the world not only allow for a deeper understanding of the subject matter but also help connect people, building bridges across vast expanses.

The first part of the event was a two-day seminar in Lima, during which each delegation presented its alternative development programme, highlighting achievements and challenges. The second part was more hands-on. The delegations were able to visit coca bush fields in the Upper Huallaga Valley and talk with coca bush farmers, as a result of which they gained a deeper understanding of the coca economy and the risks associated with this activity. Although the visits to coca bush fields were only a small part of the field programme, it was important that the delegations see the root of the problem. During the field visit, it was also possible for delegations to interact directly with farmers who were currently participating in or had benefitted from UNODC alternative development programmes. Visits were made to farms where cacao, palm oil, coffee and heart of palm were harvested, as well as to farmer-led cooperative enterprises and processing facilities.

The workshop and seminar in Peru was carried out within the broader framework of the BMZ-supported Global Partnership on Alternative Development, which aims to build and strengthen the capacity of Member States to address illicit crop cultivation through development-oriented drug control and to further South-South cooperation.

I would like to express my appreciation to Khun Leik Boonwaat, UNODC Country Representative in the Lao People’s Democratic Republic, Mr. Flavio Mirella, UNODC Country Representative in Peru, as well as Khun Sanong Chinnanon and Mr. Jochen Wiese for providing the necessary technical input that made this event possible and successful. This event would not have been possible without the gracious support provided by the Peruvian National Commission for Development and Life without Drugs (DEVIDA). Finally, I would like to thank the many farmers who allowed us into their homes and fields and shared with us their difficulties and aspirations.

Jorge Rios
Chief, Sustainable Livelihoods Unit
United Nations Office on Drugs and Crime
1. Experiences of Alternative Development

Overview of the illicit drug situation and trends

Colombia is the origin of 51% of world cocaine production, reaching street value of nearly US$ 1.7 billion annually. In 2008, coca production took place in 24 out of 32 departments of Colombia, accounting for 1.6% of the total agricultural land.

Nevertheless in 2008, there was a major decline in the amount of coca cultivation and cocaine production in Colombia. Cultivation dropped by 18% to 81,000 hectares, while production was down 28%, from 600 metric tons in 2007 to 430 in 2008.

The 18% decline in coca cultivation (Figure 1) from 2007 to 2008 was due to a remarkable increase (44%) of manual eradication (96,115 hectares) in addition to 133,496 hectares of coca that was sprayed (Figure 2). Despite this reduction in area of coca cultivated, one fourth of the coca fields present in 2008 came from primary forest felling that took place in 2007. Over the period 2001-2008, 192,000 hectares of forest were destroyed.
Coca cultivation density in Colombia, 2008

Source: Government of Colombia - National monitoring system supported by UNDCP

The boundaries and names shown and the designations used in this map do not imply official endorsement or acceptance by the United Nations.
The most important decreases in 2008 took place in all the major coca cultivation regions: Meta-Guaviare (-38%), Putumayo-Cauca (-34%), Orinoco (-61%) and Central (-11%). In fact, 78% of the 2008 cultivation took place in just eight departments, the same eight departments that also accounted for 89% of 2007 total cultivation: Nariño, Putumayo, Meta, Antioquia, Guaviare, Vichada, Cauca and Caqueta. The municipality of Tumaco in Nariño has the largest coca cultivation area in Colombia (7.2% of the national total).

The eradication activities have been extended to 27 departments (same as 2007). Half of the total eradicated area is located in two departments: Antioquia (18,285 hectares) and Putumayo (29,284 hectares).

It was also noted that the average field size decreased from 0.82 hectares in 2007 to 0.66 hectares in 2008 (-22%). Reasons for this decrease include improving mobility of the crops, and avoiding detection, aerial identification and manual eradication.

In 2008, coca cultivation was found in 14 of the 54 National Parks in Colombia. With 3,445 hectares in 2008, coca cultivation represented 0.02% of the total area covered by National Parks, and coca cultivation in National Parks represented 4% of the total level of coca cultivation in 2008. Coca cultivation in National Parks showed a slight decrease of 9% from 2007 to 2008.

Moreover, an early alert of coca crops in coffee plantations increased 3.8% on 2007 levels in 2008-representing 1.1% of total coca crops (906 hectares) in Colombia. Implementing new projects and intensifying voluntary and manual eradication in the affected areas must solve this threat.

In terms of coca production, Colombia’s share continues to decrease from 60% to 51% from 2007 to 2008. The analysis of this years’ collected data revealed that

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with respect to the yields estimated in 2005, there was a significant decline of the yields in the studied regions in 2008. Thus, a combination of lower yields and a decline of the area under coca cultivation produced a reduction of 28% in the cocaine production in 2008 compared to 2007.

A decline of 59% in fresh coca leaf production was found in Meta-Guaviare, and a decline of 33% in Putumayo-Caqueta, as estimated from data collected through interviews with farmers. Cumaribo in the Orinoco region has the largest production of cocaine (11.2% of the national total).

Coca Production

The total production of cocaine was estimated in 389,571 metric tons subtracting 57% to account for the humidity of the coca leaves this translates to an equivalent of 167,516 metric tons of dried coca leaves.

The process of coca production follows 5 stages: fresh leaves, coca paste, coca base, hydrochloride of coca and pure cocaine. From total production in 2008, about 93,052 metric tons were processed into coca paste. Using the conversion rate of coca paste for each region, the total coca paste production from farmers was estimated at 125 metric tons. The rest of the farmers either processed directly into cocaine base, or sold their production as leaves, corresponding to a total of 296,519 metric tons.

Assuming that the production of coca leaf sold directly by the farmers was processed outside the farm into cocaine base at the same rate as within the farm, the total amount of cocaine base was estimated at 430 metric tons in 2008.

In 2008, prices fell by 4% over the previous year in coca paste, from COP 1,960,000/kg in 2007 to COP 1,878,000/kg in 2008, in US dollars, the price increased by 2%, from US$ 943 /kg in 2007 to US$ 963 /kg in 2008. There is a difference in price between coca paste and cocaine base due to the complexity and the chemicals added in the production of the latter. The average price of cocaine base in 2008 was $2,825,000/kg (US$ 1,438/kg an increase of 9% with respect to last year).
Other illicit drugs opium cultivation and production

The total potential heroin production in Colombia is about 10.3 metric ton of dried opium, which translates to 1.3 metric tons of heroin-representing 0.1% of world total production at 2008 levels.

Despite the decline in opium poppy cultivation in Colombia, prices of opium latex remain relatively stable at around 318 US$ per kilogram, just +11% compared to 2007; whereas prices of heroin went down from an average price of 10,780 US$ per kilogram in 2007 to 9,950 US$ per kilogram in 2008 (-8%).

During the process of manual eradication of coca, the Mobile Eradication Groups-GME- with the help of the Anti Narcotics Police (DIRAN) and the Army implemented forced eradication of opium poppy over 361 hectares in 9 departments, of which Cauca had the most representative (45%) area.

Illicit drug trafficking

Illicit drug trafficking in Colombia is being disturbed. About 200 tons of cocaine was seized in 2008-57% more than in 2007, and the number of labs destroyed increased 36%. According to the National Narcotics Office in Colombia (DNE) a total of 2,942 were processing laboratories of coca paste or cocaine base, while 267 corresponded to cocaine hydrochloride processing. In Antioquia, Nariño, Cauca, Putumayo and Norte de Santander, 64% of the illegal laboratories were detected and destroyed and 61% of the self called “kitchens” to process coca pasta or cocaine base were also detected and destroyed in en Putumayo, Nariño, Cauca, Antioquia and Meta.

Of the total coca confiscated, 198 metric, were distributed, 74.6 tons were seized on the high seas (43%) and maritime ports mostly in the Pacific Ocean and 29.5 mt on board of semi-submersibles in the Pacific Ocean. Most of the seizures were registered along the Choco-Cordoba- Uraba corridor.

\[\text{Coca Cultivation Hа.} \quad \text{Labs destroyed}\]

Figure 4. Number of clandestine laboratories destroyed and coca cultivation, 1998-2008²

outstanding as the most commonly used route for drug transport.

With reference to cocaine traffic, the reduction in quantity sent to the North American market was sever in 2008, reflected in higher prices and poor product quality in terms of pureness. Lower levels of purity were also noticed in the cocaine coming into the United Kingdom. The primary target market is still North America for Colombian cocaine, followed by Central and East Europe, and then South America.

In terms of other illicit drug confiscation, heroin confiscation increased 20% over the previous year, going from 537 to 646 kilograms (50% of the potential production of heroin), seized mostly in the departments of Cundinamarca, Nariño, Norte de Santander, Valle and Choco (79%). There was also a significant increase (+78%) in seizures of cannabis in 2008 with respect to 2007.

**Drug Abuse – Consumption**

Global consumption of illicit drugs such as cannabis, cocaine, and opium shrank in 2008. On the other hand, other substances are becoming an increasingly relevant problem, particularly those derived from amphetamines (ETA) where production occurs via diverse techniques across many countries, making it difficult to control and to collect data to analyze trends with confidence.

After a national study on drug consumption in 1996, a recent comprehensive study accomplished by UNODC in full cooperation with the Colombian Government obtained information that Colombia has become the largest consumer of extasis (metaphetamines) in Latin America. The study also mentioned that the imports of pseudoephedrine increased 50% from 2007 to 2009, not only for use in controlled medicines (189 drugs use this substance) but also potentially for increased use to produce extasis. Extasis in Colombia is being made part with import pseudoephedrine plus caffeine and it is sold as “speed”, “ice” or “extasis vegetal”. Nevertheless, Colombia has agreed to stop by 2010 the commercialization and production of pseudoephedrine4.

Approximately 2,7% of Colombian shave recently consumed illicit drugs while 9,1%5 have tried some form of illicit drug at least one time. The order of consumption of illicit drugs in Colombia is cannabis, cocaine, basuco, extasis and heroin. It falls in a medium level of consumption across six countries of South America5.

**Drug related crime in Colombia**

Regarding the drug crime situation in Colombia and the factors included in coca cultivation, pressure exerted by illicit armed groups is felt in terms of prices and payment conditions—which often are imposed.

Even if illega larmed groups are not per se involved in coca cultivation, they find the markets and offer the products, thereby imposing the conditions of the business. However, it is difficult to determine

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1 Colombia is the country where more extasis is consumed in Latin America according to the United Nations. “El Tiempo” Health Section, August 12th, 2008.
2 Colombia consumes more extasis than its neighbor countries. “El Tiempo” Health Section, August 13th, 2008.
3 National Survey on Psichoactive Substances in Colombia, 2008.
The National Police estimated 4,800 illegal armed people in 115 municipalities, 52 of which have coca crops. These groups are distributed in Antioquia, Cordoba, Nariño, Choco, Guaviare, Casanare and Vichada. Therefore a correlation exists between the geographical corridor for drug transport and illicit crops areas.

National policies, strategies and current programmes and projects for illicit crop reduction and sustainable alternative development

To put the origin of the data reported in perspective, it is important to identify the different programmes and the counterpart of the projects made by UNODC Colombia.

The Colombian government strategy against drugs integrates the following components:

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**Number of municipalities with presence of illicit armed groups**

- **Municipalities with coca crops:**
  - Without illegal armed groups presence: 46
  - With illegal armed groups presence: 163

- **Municipalities without coca crops:**
  - With illegal armed groups presence: 248
  - Without illegal armed groups presence: 650

Source: Ministry of Defense

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*UNODC and Government of Colombia, Colombia Coca Cultivation Survey, June 2009. ISSN 2011-0596.*
1. Crop Control with strategies such as: detection, forced eradication, spraying, manual eradication, alternative development, forest warden families and productive projects.

2. Interdiction with strategies of market control of chemical inputs to drug production, destruction of labs for processing illicit drugs, controlling traffic and distribution of illicit drugs by air, land, sea and river.

3. Prohibiting money laundering and expropriation, confiscating capital and goods.

4. Policies demanding reduction of consumption, coupled with the evaluation of drug consumption and control and monitoring of consumers of psychoactive substances.

UNODC has been assisting the Colombian Government in the study of the dynamics and monitoring coca production across the territory. In 1999 it established an Integrated Monitoring System for Illicit Crops (SIMCI) with the objective to prepare and publish an annual census. The project is integral part of UNODC’s International Illicit Crop Monitoring Programme (ICMP), which assists Member States to produce comparable data on the illicit cultivation of drug crops in the context of the strategies adopted by the Member States at the UN General Assembly’s Special Session on Drugs in June 1998.

Since 2006, the project also supports the monitoring of related problems such as fragile ecosystems, natural parks, indigenous territories, the expansion of the agricultural frontier and deforestation. The monitoring and evaluation of PCI’s intervention is conducted by UNODC through a programme called “Support to the monitoring and implementation of the integrated and sustainable illicit crop reduction and alternative development strategy in Colombia”. Equally important, UNODC has since developed comprehensive socio-economic and environmental baselines and monitoring methods to track beneficiaries’ living conditions as well as key environmental trends in fragile ecosystems previously degraded by illicit crops, or at risk thereof.

This project counterpart with PCI brings together two ongoing projects that support Colombia’s Forest Warden Families Programme (FWFP) and Productive Alternative Development Programme (PDA). The fusion will yield better economies of scale and operational synergies, and facilitate national and international resource mobilization.

The FWFP provides technical assistance (social, productive and environmental), with an increasingly strong focus on the promotion of productive and commercially viable legal income opportunities. The economic incentives are governed by contracts signed by families and communities with the Colombian Government. Payments are conditional on participating families keeping their areas “free of illicit crops” and participating in a wide range of training programmes, ranging from environmental protection to commercially viable farm enterprises management. Payments are also conditional on families “saving” an agreed-upon proportion of the economic incentive for land purchase and/or investments in productive alternative development projects. Also, beneficiaries
are given support to fortify their social bases and community organizations, including commitment to democratic participation and the culture of legality.

Along with FWFP, the Productive Alternative Development Programme is aimed at designing and implementing medium to long-term projects to develop legal farm economies. Projects are mainly located within the Colombian “agricultural belt”, although an increasing number of FWFP families are participating where conditions are appropriate. Such projects must meet pre-conditions to achieve social, economic and environmental sustainability, and must be in areas subject to illicit crops or vulnerable to illicit markets.

UNODC already partners with the Colombian Government, USAID and other alternative development entities in 12 priority geographic areas of Colombia. Under the present project, UNODC will continue implementing the extensive monitoring activities underpinning the FWFP, as well as the productive alternative development programme. This includes assessing the dynamics of illicit crop cultivation and certifying areas “free of crops”, as well as the tracking of social, economic and environmental indicators. Chief aims are to measure the overall impact of sustainable livelihood initiatives in terms of institutional, social, economic, environmental and rule of law aspects.

Downstream, UNODC works with the alliances and ongoing projects and with monitoring and follow-up activities designed to elaborate recommendations to improve government intervention programmes -via the development of best practices and “replicable” models, as well as through the objective and timely assessment and presentation of achievements to date.

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Figure 6.

Ongoing projects, 2008\(^7\)

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\(^7\) UNODC and Government of Colombia. Colombia Coca Cultivation Survey, June 2009. ISSN 2011-0596.
International, regional and bilateral cooperation on alternative development and illicit crop elimination

Colombia is a member of the Andean Community (CAN) drug strategy with the European Union, conducted within the framework of the High-Level Specialized Dialogue on Drugs and the Joint Follow-up Group on Chemical Precursor Agreements between the Andean Countries and the European Community. In 2004 the Andean Committee for Alternative Development (CADA) was created by the context of Integral and Sustainable Alternative Development Andean Strategy, with principles of offering dignified economic and living alternatives to the beneficiary communities, mainly through horizontal integration with government policies, reaffirming the shared responsibility.

Last November in Lima, Member Country drug control authorities approved a technical cooperation agreement financed by the European Union called “PRIDICAN- Anti-Ilegal Drug Programme in the CAN” and assumed the commitment to contribute counterpart funds for the project’s implementation. In addition, they agreed to further asset laundering control efforts and to start sharing experiences and good practices in reducing the drug demand.

The Andean countries also support the efforts being made within the Inter-American Drug Abuse Control Commission (CICAD) of the Organization of American States (OAS) the main goal of which is to reduce demand.

United States id and international donors for the Colombian Plan in it is second stage focus on the empowerment of the State in the producing zones by means of an approach of regional development oriented to promote legal employment options and income to the communities that commit themselves to maintain “illicit-free zones”—in areas previously subjected to eradication. The importance of the communities and their organizations and an emphasis on the human experience as a critical link in the narcotic production circuit also stand out.

In addition to the Andean Community effort and the OAS/CICAD commission, Colombia has bilateral agreements with border countries (in particular Ecuador and Panama) to deal with impacts of the drug situation in terms of in the forced displacement of people and the treatment of refugees. In August 2008, an agreement was signed with Peru to fight against consumption through exchange of information between the countries.

Highlights of good practices, experiences - lessons learned and key challenges

Alternative development evolved from an initial concept to promote licit crops. It began as rural development accomplished by international cooperation. However, Colombian government policies and support in drug mitigation strategies began to involve the concept of productive projects.

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8 http://www.comunidadandina.org/ingles/Exterior/drug_control.htm
9 http://www.comunidadandina.org/ingles/press/press/np14-11-08.htm
Later, with the support of organizations, policies and a deeper focus in socio-organization and commercialization of products, the alternative development concept was born: Integrating investment of international aid organization and Colombian government budget for the purpose of promoting a legal culture in the communities affected by illicit drugs or related crime.

The challenges ahead in the fight against illicit crops involve a political framework, synergy across private enterprises with organizations and public sectors, strengthening social capital, and environmental issues to protect ecosystem and sustainability.

In the political framework, it is necessary to strengthen presidential policy about alternative development. Additionally, government has to guarantee security across the territory as well as to involve local authorities and organizations to continue the process started in each region. Basic services and infrastructure are correlated to government policies to improve conditions in the community.

The synergy between organizations, government and private enterprises has to have clear targets involving each, and clear communication and cooperation between them to optimize resources. Interinstitutional progress can be measured by how well benefits target the communities, as well as reliability of results and sustainability of projects. One key lesson learned in the process of alternative development important to mention is that there has been a weakness of the interinstitutional synergy; in other words, a surplus of resources has been used to achieve the same objective.

Social capital and the socio-organizational framework is a lesson learned in Latin America, while in Asia the emphasis on the social aspect has not been significant and focus on individual agriculture or independent work. Colombian programmes with UNODC have had relevant interaction with the ongoing projects. Moreover, socio-entrepreneurial training has been one of the specific topics agreed in the programmes.

Concerning the consumption of drugs in Colombia, the last UNODC Colombia report provided an accurate study to turn on alerts and warnings that show the trend and estimated growth. The case of ETA and pseudoephedrine imports demonstrates a challenge for the government as well as to UNODC. For UNODC it means designing and generating mechanisms to measure consumption figures and to control substances that are used to produce ETA.

In the economic overview of lessons learned, the cash flow in the short run has been one of the major weaknesses during the projects where food security and diversification of crops must be adopted for small growers. In addition, development of new markets for products that engage social responsibility of the workers/farmers, as well as quality certification for clean or organic products has been shown to enhance the implementation of those concepts and to add value in the commercial phase of the products.

Producer organizations allied to private companies show significant improvements in the success of their businesses. In Peru, a model of creating a company with three counterparts - for instance, a producer organization, individual shareholders that
are producers too, and the private sector—
gives strength to double the income for the families, assuring a place for the product plus income from its sales.

Another important point in encouraging the entrepreneurial component is the need of promoting credit lines to assure sustainability and long run improvements. However, any such credits should target mature organizations that can take financial responsibilities with lower interest rates and agricultural incentives. A good example of this is the agreement made between BANAGRARIO and UNODC Colombia. To support credit efforts and commitments, Accion Social (PCI) is signing an agreement with BANAGRARIO for all alternative development projects.

**Recommendations**

As suggestions for future projects and programmes, women must be promoted not only in the production process but also in the decision making of the organization and entrepreneurs.

To reach goals and succeed in alternative development it is necessary to have complementary investment in infrastructure and social services. In consolidated areas free of illicit production it is also fundamental to promote the safe progress of strong community culture built around legal production systems.

International collaboration, such as sharing data and experiences, must be a dynamic feedback between the countries affected, not only in the Andean Community, but across the Middle East and Asia. Promoting professional feedback, workshops, and events to exchange strategies and results from the experiences of others empowers the UNODC and improves the efficiency and effectiveness of its efforts across the world.

“We prefer to be safe and peaceful in the area, the money is not all in life”, “Now we are more in the community, we worked together, and we see bigger results for all of us”. “Supporting each other, we worked as a cooperative and we can do better business”¹¹, said some members of the FWFP.

1. DEVIDA - Sustainable And Integrated Alternative Development In Peru

Overview of the illicit drug situation and trends

Illicit drug production

Illicit crops in Peru refer to coca, poppy and marijuana. However, it is important to recognize that the highest incidence of drug problems is related to the production of cocaine products, whose origin comes from the coca bush. Coca is the most serious problem affecting the country because coca cultivation is found in different zones of the Amazon Region. This is not the case with opium poppy and marijuana.

Coca Cultivation

Coca cultivation is an ancient cultural practice, part of the tradition and habits of the Andean population. Its expansion and relationship to drug trafficking started four decades ago, with the principal catalysts being the agro-climatic conditions in large jungle areas, a weak presence of the State and lack of economic opportunities.

This led thousands of Peruvians to cultivate coca for illicit use as a survival mechanism.

Coca crop expansion started to develop in the 1970’s and reached its highest point in Peru when, at the beginning of the 1990’s, 120,000 hectares were under cultivation. This increase in coca cultivation was due to the high cocaine use in the United States and Europe. Likewise, this demand was facilitated by the violent period that Peru suffered during that time, where terrorist groups allied to illicit drug trafficking played the role of intermediate and protective actors.

In the mid 1990’s, the expansion of coca cultivation was reversed due to two principal factors. First, the Colombian cartel’s decision to move coca cultivation to Colombia, and second, the U.S. supported Air Bridge Denial Programme. During the same period, the Shining Path and the MRTA were defeated, weakening the alliance between illicit drugs and terrorism.
As a consequence, the demand for coca paste and coca leaf of Peruvian origin was reduced. Thus, the price of paste dropped from almost US$3 to less than US$1 per kilo. Coca cultivation was no longer profitable, and massive abandonment of coca cultivation occurred, decreasing to 34,000 hectares in 2001.

However, in mid 2008, the situation changed. Illicit drug trafficking started to increase in Peru, promoting cocaine production and the use of different ways of distributing the drug.

According to UNODC reports, in 2008 coca leaf production reached 122,300 MT. This was 13.5 times more than the licit demand, which was estimated to be 9,000 MT. Likewise, the National Coca Enterprise – (ENACO), the entity in charge of commercialization of legal coca leaf at the national level, commercializes only a little bit more than a third of the coca licit demand (9,000 MT/year).

According to monitoring reports, in 2008 the total area under coca cultivation in Peru was estimated at 56,100 hectares. The Peruvian Government’s eradication programme covers around eight to ten thousand hectares of coca per year. This amount is not sufficient to significantly reduce coca cultivation in Peru.

Regarding illicit drug trafficking in Peru, and according to UNODC reports, in 2008, the potential cocaine production reached 302 MT, showing an increase of approximately 10% as compared to 2004, when 270 MT of cocaine chloride potential production was reported.

In 2008, Peruvian National Police seized 21.5 MT of drugs, corresponding to 16,203 Kg. of cocaine hydrochloride (HcL) and 11,753 Kg. of cocaine paste (equivalent to 5,343 Kg. of HcL), notwithstanding their limited resources, which are insufficient to control the many drug routes. Peru only confiscated 5% of its cocaine potential product in 2007.

Opium poppy and marijuana cultivation

Regarding opium poppy, the government is making every effort to detect and quantify the seizures made by the national police. However, its detection is very difficult, as it is a crop with a short life span. In addition, it is grown in scattered areas, it can be easily moved and mixed with other crops, and is found in remote areas with difficult access. Intelligence reports indicate its presence in inter-Andean valleys in the country, but so far not covering significant areas. Currently, methodological systems are being promoted to detect, quantify and monitor this crop. Likewise, data from satellite images is collected to assist in monitoring the evolution of these illicit plantations.

The same problem is faced with marijuana cultivation and production due to its great adaptability to several ecological soils and urban areas. It is also estimated that part of the marijuana, which is marketed and consumed in the country as a principal illicit drug, is produced indoors, on small properties or in isolated fields such as public parks making it more difficult to detect or monitor.

Illicit drug trafficking and related international organized crime

Cocaine produced in Peru represents an estimated value of 26.367 billion US dollars at the international market retail level.
This figure is estimated from the potential production volume, after deducting the amount of drugs seized, multiplied by the value of cocaine sales in consumer countries.

Currently, illicit drug trafficking is a problem with criminal effects, which is expanding throughout the country, damaging fundamental aspects of national life.

Drug trafficking is generating an illicit and artificial environment, distorting the economy at national, regional and local levels. This is accomplished through financial operations and several types of money-laundering businesses involving large illegal profits. Drug trafficking also creates social upheaval in reaction to interdiction policies. Also, the remnants of terrorism are returning as intermediate actors or protectors of drug trafficking. Drug trafficking damages the values on which society is based, contributing to the corruption of government institutions involved in interdiction actions against drug trafficking.

**Drug consumption in Peru**

It is important to point out that drug consumption in Peru, in spite of the fact that it is a producer nation, is not as great as in other countries. This is a result of prevention and risk awareness campaigns carried out by the government and other civil organizations. However, it is significant to note that in the principal cities of Peru, students at the secondary level admitted using drugs: 1.7% cocaine, 1.6% coca paste and 3.1% marijuana. These youngsters and the next generation of students are at risk of falling into addiction if they do not receive adequate and timely preventive education.

Recent reports on illegal drug consumption show that 4.6% of the total population has used these substances at some time during their lives. Likewise, the report concludes that 4 out of 10 consumers of marijuana show signs of dependency and, in the case of cocaine, 1 out of 2. These data show the dangerous nature of these drugs and point out the need to increase efforts to strengthen and promote treatment for drug dependency at the national level.

**Key challenges for illicit crop elimination**

The solution to the drug problem goes far beyond police action. Experience shows that actions should be conducted in an integrated manner. Eradication by itself is not sustainable, because the farmer continues to cultivate coca in the same parcel or in new, generally isolated, parcels, cutting and destroying virgin forests. Nor do the actions of alternative development, by itself, in the areas where drug trafficking prevails driving away private investment. The destruction of installations located in isolated areas is likewise not effective if intelligence actions to detect, identify, disarticulate and seize drug trafficking cartels are not carried out. It is recognized that the magnitude of the problem is complex, there is high level of poverty and government resources are limited and insufficient to confront drug trafficking with the necessary required actions.

Even though progress has been achieved in the fight against drugs by the creation of DEVIDA, this is not enough. The complexities of the problem demand multi-sector participation, which involves
a large portion of society. This is required in order to continue building the capacity of government institutions to fight against drugs. This is accomplished on one hand at the political level, in order to make timely decisions, and on the other hand at the operative level, in order to establish common agendas. These agendas must begin with similar objectives involving different Peruvian government entities (regional and local), international cooperation, and civil organizations.

Thus, it is necessary to have a specific national budget to finance and to enlist the participation of various government entities to carry out action plans in the fight against drugs. This new approach also must be proposed to the next elected government. Having a specific national budget to fight drugs will show the international community that Peru is making a financial commitment to this effort, which is often not recognized or forgotten. By providing the funds, it allows the government to assign responsibilities and to demand results. It is very difficult to achieve results from entities which do not have their own resources.

To achieve results with what is proposed, it is necessary that the Peruvian government provide more resources to achieve greater results. The support provided by international cooperation is important but not sufficient to solve the problem. It is not only necessary to suppress the symptoms of a disease, but also to fight its origin, which in this case is the exploitation of poverty by drug trafficking. The solution is not only to eradicate illicit coca plantations and to confiscate chemical precursors and drugs, but also it should be focused on finding a solution to poverty in the Andean region. This approach does not justify coca cultivation for drug trafficking, which should be fought with strong legal actions. If these actions are not taken, there is the risk of assailants and smugglers using poverty to justify their acts.

The concept of integration is very important in the fight against drugs. It is clear that much remains to be done in order to improve results. Alternative development and eradication programmes cannot be sustainable if interdiction actions are not improved to discourage drug trafficking and effectively reduce the supply to precursors. It is important to implement coca monitoring programmes for early detection of coca crops in order to prevent intervening when hundreds or thousands of persons have already become economically dependent on this crop, as was the case in San Gaban, Puno.

The fight against drugs is not only linked to police operations in the field, it also involves training, developing systems and intelligence mechanisms, exchanging information, cooperating with border countries, administrating justice, fighting against corruption, creating a legal framework to drastically punish crime, improving rehabilitation services for persons with drug abuse problems, and effectively protecting children and youth in the country from the menace of drug consumption. This is accomplished through effective campaigns for protection, prevention and drug risk awareness.

**International, regional and bilateral cooperation on alternative development**

The political decision of Peru to face the drug problem from an integrated viewpoint enabled bilateral diplomacy and multilateral efforts to reach agreements
and to establish efficient mechanisms in the fight against drugs. This decision implied active participation by Peruvian representatives in meetings and high level events and their adherence to universal declarations designed to diminish the magnitude of the problem. Likewise, a world concept with regard to drug production, illicit drug trafficking, and related crimes has been reinforced, and it is recognized that these are problems of a multinational nature.

Thus, multilateral coordination has allowed Peru to obtain a greater understanding of the principle of shared responsibility and political priorities necessary to fight drugs. Peru has used as a reference the commitments of the Brussels Consultative Group, particularly regarding the European countries, which have increased their support for national efforts in the fight against drugs, especially alternative development and prevention programmes.

During the last few years, one of the principal sources of cooperation for the country in the fight against illicit drugs, using non-reimbursable funds, has been the United States of America, through its two agencies: the Agency for International Development (USAID-Peru) and the Narcotics Affairs Section (NAS) at the United States Embassy in Peru. Funds have also been provided by the European community, through the European Union and the countries belonging to that regional block and multilateral institutions such as UNODC.

In the specific case of alternative development, the following graph shows the evolution of funding in international cooperation.

**Funding for alternative development through international cooperation**

It should be noted that the historical contribution of the United States of America has been more than 90% of the total international cooperation received by Peru to fight against illicit drugs.

The graph shows the accumulated significant decrease from the USA and the European Union. Funds from the USA decreased more and funds from the European Commission and its member states showed a lesser decrease.
In 2008, funds from international cooperation programmes decreased by 63.23\% compared to 2004. This trend looks as if it will continue in the future.

This decrease in non-reimbursable funds from international cooperation seems to correspond to a change in the strategy in the fight against drug trafficking by the United States of America regarding the Andean region. The United States seems to be shifting their emphasis to Central America and Mexico in order to better control the transit points of the problem.

Highlights of good practices, experiences and lessons learned to be shared with other countries

Good practices

In the 1990’s, the San Martin Department, located in the north-easter region of Peru, was the most important region for illicit coca production (coca paste and cocaine). Subversive groups were present which were financed by drug trafficking. In the Huallaga Valley, coca crops represented 55\% of the total cultivated area, reaching 130,000 hectares in 1992.

Once order was restored in the area, concerted work began between regional, local, and central government authorities with the support of international cooperation. The will of the population to change was combined with the consensus of the local authorities to apply the law, exploit the great potential of the area for the development of productive activities such as agriculture, cattle, agro-forestry, and tourism, provide significant funding from the government and international cooperation with road infrastructure, electricity, communications, and basic social needs, and reinforcement of public and private entities, together with the improvement of the capacities of all involved participants.

According to official data, the levels of extreme poverty have been significantly reduced from 20.9\% in 2004 to 14.5\% in 2008, and moderate poverty from 57.1\% in 2004 to 33.2\% in 2008. In areas with illicit crops, poverty levels have also been reduced as a result of voluntary eradication or by the continuous law enforcement process. In 1992, in the San Martin region, coca represented 46\% of the gross value of agricultural production and in 2008; it only represented 0.5\%.

Figure 8

San Martin Model: + Alternative Development
Coca Crops = Less Poverty

![Graph showing poverty levels and coca crop production values over time]
Currently, in the San Martin region there are 260,000 hectares of licit crops such as rice, coffee, cacao, palm oil, corn, cotton, and others, and only 370 hectares of illicit coca. The gross value of agricultural production is estimated at US$330 million versus less than US$2 million for illicit coca.

As a result of the Alternative Development Programme in San Martin, cacao cultivation has significantly developed. Cacao farmers have increased their income from US$3 million in 2003 to US$20 million in 2008. This is expected to increase to US$35 million per year, when the total planted area begins production.

The Alternative Development Programme in Peru has taught us that it is not possible to achieve social welfare and sustainable livelihood exclusively based on economic factors. Neither is it possible to achieve economic growth without incorporating social, environmental and political elements. This process has caused us to create a new alternative development approach, with an integrated focus, which systematically incorporates economic, social, political, and environmental factors. In order for this new alternative development approach to be sustainable, it should have as a central focus the strengthening of farmers’ families through their organizations. In other words, the central focus should be human development.

In 2008, the sales performance of the farmers’ enterprises, promoted by Integrated and Sustainable Alternative Development projects, continued to increase. Many of these enterprises have reached record sales levels, in spite of unfavourable scenarios not seen since the 1970’s such as insecure international financial markets, linked to the global economic crisis, and increases in fuel and food prices.

The factors that allowed good sales performance by the farmers’ enterprises were the ability to export to specialty international markets (organic, gourmet, and fair trade)
which resulted in higher profits and this was coupled with the favourable economic situation in the country.

In the field, the agricultural work developed normally, as there was no biennial cycle effect (high production followed by low production) as occurred in previous years, mainly in coffee cultivation in Puno and Apurímac Valley. The producers, with the support of the farmers’ organizations/enterprises’ technical departments, continued improving the quality of their products using agro forestry systems on coffee and cacao plantations.

The fair trade market once again has been an important option for the farmers’ enterprises for the export of coffee and cacao. The growing upward trends in international demand caused an increase in prices for these products. This situation benefited the farmers’ enterprises, as well as other enterprises, making Peru the world’s principal producer and exporter of coffee for the Fair Trade market.

On the other hand, the palm oil agro-industrial enterprises increased the sales in comparison to products of other agro-industrial enterprises. This was due to the gradual improvement of yields in the field and the expansion of palm oil plantations and the coming on line of processing plants in Aguaytia and Caynarachi. By 2008, the palm oil crops promoted by UNODC’s Alternative Development projects, in strategic alliance with government and international cooperation, surpassed 15,000 hectares.

The Peruvian government, through a Rapid Impact Plan (RIP) implemented by the National Commission for Development and Life without Drugs (DEVIDA) and the Regional Government of San Martin, in alliance with international cooperation, continued promoting Alternative Development in the provinces of Tocache and Lamas by expanding and strengthening the production of the farmers’ enterprises and increasing agricultural production.

Lessons learned

In spite of the many challenges related to Alternative Development Projects (ADP), it has been shown that with an innovative approach and good communication with and true commitment to the communities, the projects can have a significant and positive impact in the coca regions and can make a difference in the lives of the population. Many lessons have been learned which could be applied to benefit future alternative development projects in Peru and in other countries:

- It is important to understand the communities’ backgrounds, their motivations, their interactions with other programmes, and what licit economic alternatives could be profitable in the area. This knowledge improves the communication in the field by adapting a plan reflecting the needs and aspirations of the community.

- Unrealistic expectations that cannot be accomplished should never be generated, because this creates a lack of trust among the participant communities, which leads to other problems. It is important to communicate directly and clearly. Community participants appreciate honesty, and they respond with cooperation and respect.
• It is important to build up a social base in the project areas, which are characterized by weak social networks, lack of interpersonal trust, and sometimes anarchy. It is important to help the community to recognize the importance of collective efforts such as investment in infrastructure. The main objective of the project should not be to promote family income through licit crops but to help the communities see a future in which community members are responsible protectors of their own development and understand that democratic decisions to invest in health, education and infrastructure are the rights of the community.

• The co-financing of project costs with local governments is a way of counteracting the mentality of entitlement and of making the municipalities associates and not beneficiaries. Co-financing through voluntary unskilled labour and the provision of local materials as well as the use of physical resources of the municipalities were important for the infrastructure elements of the programme.

• Small farmers who are worried about providing for their families are sometimes reluctant to assume entrepreneurial risks and adopt new technology. The Programme has developed value chains through the farmers’ enterprises/organizations in order to highlight the importance of the market to the beneficiary farmers. Ex-coca farmers who are now involved in legal products understand that the market offers them a future as long as they are aware of the consumers’ demands and can comply with them. By positioning themselves in niche markets such as fair trade and organic certification (cacao and coffee), farmers will soon be part of an extensive international network of markets, which will benefit all. The establishment of these relationships is fundamental to attract private capital, which is usually scarce in coca regions.

• It is not enough to provide the communities with a legal and sustainable economy. The AD Programme also assists local governments in initiating infrastructure projects. Thus, local governments assume responsibility for the projects and are committed to the community they serve. With the improvement of local government, the community is guaranteed that services will be provided and that their long-term needs will be met.

• It is important to note that one of the main characteristics of the Programme has been the emphasis given to communication and dissemination. This means making coca cultivation unacceptable to the population. Communication with young people is very important, as they are the ones who transmit the values to future generations.

Recommendations for future development and implementation of sustainable alternative development and illicit crop elimination programmes and international collaboration under South-South cooperation

Analysis of the causes favouring illicit crops cannot be considered independently from any one of the spheres involved, whether it is economic, social, political
or environmental. There are strong interactions among them of mutual causality which require an overall analysis in the full context.

As in any economic activity, drug trafficking is connected to or tends to touch each of the above-mentioned spheres. Drug trafficking manipulates each according to its needs and the conditions of each area and the strength of its influence. Therefore, proposed interventions in each sphere will have to be analyzed in accordance with the specific situation of the project area, without losing an integrated perspective in order to guarantee its sustainability over time. Therefore, interventions should integrate the four spheres (including actions against drug trafficking), to build, reconstruct or return them to legality.

In view of the few possibilities of finding and developing productive activities which could compete with the prices paid for illicit crops or criminal activities, in which small farmers are already involved, it is essential to combat drug trafficking. This could be achieved by reducing illicit profits through increasing their production costs and by applying all available government measures to restrict their activities through interdiction actions related to precursors, drug production, seizures and legal prosecution of drug traffickers.

**Priorities of interventions should be oriented to:**

*a) Economic Sphere*

Promote entrepreneurial association of small farmers to increase both the value and diversification of licit production.

Correct market weaknesses through project interventions, in order to:

(i) generate technical assistance and a financial market; (ii) invest in infrastructure to support field production; (iii) promote and diversify licit production; (iv) increase productivity and profitability by transforming raw materials to incorporate more added value; and (v) transform the farmers’ associations into organizations with an entrepreneurial model. At the same time drug trafficking profits must be reduced through control of precursors and interdiction of cocaine paste and cocaine.

In recent years experience has shown the important role played by farmers’ organizations as principal actors of productive and economic local development, being in many areas the only representatives of the private sector which is so necessary to link the local farmer to the market.

In 2008, the sales of the thirteen principal farmers’ enterprises promoted by UNODC Alternative Development Programme surpassed US$ 92 million, representing a 55.2% increase as compared to 2007. Total exports reached US$ 80 million, increasing 51.6% as compared to 2005. The sales in the national market (mainly crude palm oil) were US$ 12 million in 2008, as compared to US$ 6.5 million in 2007. Coffee exports increased in 2008 an average of 33% with respect to 2007, going from 14,791 MT to 19,693 MT. This was due mainly to the important increase in performance of Oro Verde Coffee Cooperative in San Martin Region (85.4%) and Quinacho Coffee Cooperative in Apurimac Valley (191.4%).
b) **Environmental sphere**

Create environmental awareness and promote adequate use of natural resources to avoid drug trafficking activities, which deteriorate the environment.

Generate consciousness among the population and their local authorities through environmental education and communication campaigns. Also, take initiative for the rational use and recovery of natural resources in the area.

c) **Social sphere**

To improve the social capital by encouraging farmers’ participation in decision-making and initiating development to overcome the influence of drug trafficking on the social base, it requires:

- Strengthening the community as a social base for attitude change;
- Promoting social inclusion in decision-making mechanisms, such as (i) participation in budget formulation and result based planning, (ii) the formulation of local development plans and their representation in local and regional coordinating committees; (iii) promoting association to induce spontaneous creation of economic, social and cultural organizations and; (iv) improving essential social and public services to motivate the population.

d) **Political sphere**

To assure government involvement in economic, social and institutional sustainable development by promoting a healthy equilibrium among government, civil society, and the market of the legal economy with an environmental approach through (i) strengthening the management capacity of local governments in the area, protecting and supporting local authorities who do not get involved in coca or drug trafficking, and who propose alternative licit activities which involve community participation to discuss and plan solutions to their needs and problems; (ii) promoting an effective state presence to provide the security for the population, which is fundamental in developing legal activities. (iii) developing ad hoc communication strategies at different levels to counteract the adverse propaganda carried out by drug traffickers against alternative development activities, earning the population’s wholehearted support in the fight against drug trafficking.

In interventions in coca areas, the population, its organizations and its local authorities are the main actors for local development. However, the participation of the central government is important in the management of local development, particularly through its specialized institutions.

The decentralization process in the country and the progressive transferring of functions to sub-national levels (regional and local governments) are resulting in greater participation by local governments in managing development, allocating resources and carrying out executive responsibilities. Likewise, the decisions they make will result in greater involvement of the population through a participatory approach to
formulating budgets and plans for local and regional development.

Conclusions

The San Martin Model is viable and replicable.

To achieve sustainable development, actions should be based on efficiency (competitiveness) and equity.

The San Martin Model integrates, with a systematic approach, social, environmental, economic and political factors.

The principal actors of the San Martin Model are the farmers’ organizations.

The Sustainable and Integrated Alternative Development approach demonstrates that society’s welfare is not exclusively based on economics.

Sustainable and Integrated Alternative Development actions allow consolidation of territorial settlements in a peaceful and productive manner.
2. Agroindustria Santa Lucia S.A.

**Presentation**

As of 1991, the Alternative Development Programme of UNODC, started to promote the cropping of peach palm for palm heart, as part of the Alternative Development Policy, in the location of Santa Lucia (Uchiza), in the Province of Tocache in San Martin. In 1993, when all the plantations were beginning to produce, the construction of the processing plant was started.

Agroindustria Santa Lucia S.A. (ASLUSA) is a corporation owned by more than 350 families/ producers of palm heart and was created in 1994. The main shareholders of the Cooperative are the Association of Palm Heart and Fruit Producers of Santa Lucia (APROSAN) and the Agro Industrial Cooperative Tocache. While ASLUSA started its operations in 1995, it is only since 2000 that has begun to export directly its products. Up to now, ASLUSA is working in Santa Lucia (San Martin), San Francisco (Valle del Rio Apurimac – Ene), Aguaytia (Ucayali), Puerto Sungaro (Huanuco) and now in the Highway Iquitos – Nauta (Loreto).

**Implementation Strategy**

In the view of this setting, with the support of the United Nations (UNODC) and DEVIDA, the company went through a re-engineering process in order to be able to enter again into the market according to the new setting. Therefore, improvements were made in regard to the processing plant (purchase of equipment and infrastructure works) in order to adjust it to the HACCP plan (Hazard Analysis and Critical Control Points). Further improvement concerned the enhancement of the final quality of the product, the hiring of specialized staff, the participation in international fairs, and in particular, the reduction of the production costs.

**Introduction - Current Situation**

ASLUSA started its operations in 1995 and because it was the initial stage of the agricultural production, it exported through a consortium. However, in 1998 the activity was stopped because of market problems due to a strong downturn of the final product price at international level. The export prices went down from US$ 28 to US$ 11 per box.
Results

As of 2000, ASL USA started to export directly to the European market, and in a parallel way the producers’ organization was reorganized as the Association of Producers of Palm Heart and Fruits of “Santa Lucia” (APROSAN).

Since then, and additionally having a good market and competitive product, ASL USA started to increase its marketing volume, and in view of the increasing demand for its production, it started to group together other producer areas of palm heart promoted by the United Nations. In addition, branch offices were opened in San Francisco (Valley of the Apurimac River – Ene), Aguaytia (Ucayali), and Puerto Sungaro (Huanuco).

This experience has been repeated in Loreto, based on an UNODC / Regional Government agreement, in the axis located in the Iquitos – Nauta Highway where there are peach palm plantations, that were installed many years ago and which production was sold to local companies. This activity was stopped 5 years ago, giving way to a reduction of the planted area that was abandoned. With the A PRODUCIR programme of MINDES and with the Inter-American Development Bank (IDB) funding through FONCODES, the support of the Project “Production of Palm Heart in the Highway Iquitos Nauta” could be financed. Thanks to this activity and with the support of the Ministry of Agriculture (MINAG), ASLUSA was installed in Iquitos where a production unit has opened for the gathering, transformation and marketing of palm heart.

Challenges

To consolidate the productive basis, in order that the farmer may have a minimum of 3 hectares, manage and use fertilizer according to a well designed technical package.

Likewise, to consolidate the market, to maintain the quality of the product, to have a productive support in the field, to have the beneficiaries more integrated with the company and to continue improving the infrastructure of the processing plant.

Problems

Price fluctuation on the international market.

Recommendations

To continue with the support of the cooperation agencies and the Government in order to consolidate the producers’ Company.

To improve the efficiency of the industrial process and to expand markets.
3. Palm Oil Farmers’ Association of Shambillo (ASPASH) and Oleaginous Padre Abad (OLPASA)

Background

UNODC intervention started in 1999 in the province of Padre Abad under the framework of Project AD/PER/99/D06. The palm oil activity was promoted in the Shambillo Valley, an area affected by drug trafficking and terrorism in the 1990’s and where 100% of farmers cultivated coca.

The UNODC Alternative Development Programme, based on its experience, implements a strategy of action where the main component is the creation of farmers’ organizations/enterprises. Through these farmers’ organizations, development priorities and leading enterprises are generated with the potential of expansion and regional economic impact.

Within this framework, UNODC supports the creation of a farmers’ organization for palm oil in order to allow the farmers’ participation and communication of their needs to the national and international development entities and authorities. Later on, this is the base to generate a palm oil enterprise to be in charge of the industrial and marketing process of palm oil products.

UNODC Alternative Development Programme’s philosophy considers the farmer and his/her family as the main actors in the strategy of intervention. Besides, the agrarian situation in the country is characterized by small farmers with little land; most of them migrate from the Andean region to the tropical region to colonize without planning. The participatory approach promoted by UNODC commits the farmers’ families to an organizational framework and later on enterprise models which are capable of meeting the market challenges with efficiency and rationality.

Promotion of palm oil as an income generating and alternative sustainable crop for the farmers’ families is proving its technical, economic and social viability.

Palm Oil Association of Shambillo – ASPASH

The Palm Oil Association of Shambillo (ASPASH) was established on April 2, 2000, with the participation of 200 palm oil producers in Shambillo, district of Aguaytia, Padre Abad province, Ucayali Region. The following palm oil sector committees participated: Boqueron Alto, Shambillo, Shambillo Bajo, Rio Negro, Rio Blanco, Mediación, Pauji, Micaela Bastidas and Andres A. Caceres.

Currently ASPASH consists of 13 base committees, comprising 400 palm oil farmers from the different sectors.
The Association is institutionally governed by its statutes, and the organizational structure is made up of the General Assembly of Delegates, Board of Directors (5 members), Supervisory Board, and General Manager.

ASPASH’s General Assembly of Delegates is constituted by delegates from each committee base:

Palm Oil Processing Plant

On June 28, 2004, the Palm Oil Processing Plant was inaugurated; it is located in Shambillo, Aguaytia District, Ucayali Department. It is the second palm oil processing plant promoted by UNODC Alternative Development projects. The first palm oil processing plant was inaugurated on June 24, 1997 in Neshuya, Pucallpa and it is now managed by the palm oil farmers through their enterprise OLAMSA (Oleaginosas Amazonicas S.A.).

This processing plant has a productive capacity of 6 MT of palm fruit bunches (RFF) per hour, and this could be expanded to 18 MT RFF/hour.

The implementation of this processing plant shows the joint and effective participation of the Peruvian Government through DEVIDA and other entities such as the Upper Huallaga Special Project (PEAH). These entities have contributed to finance infrastructure (roads, bridges, etc.), facilitating transportation of the palm oil fruit bunches.

Investment – Palm Oil Processing Plant In Boqueron

Expenditures on technical assistance, technical report, maps, resident fees, etc. are not included.

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>AMOUNT IN USS</th>
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<tr>
<td>Plant and Equipment CIF Callao</td>
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<tr>
<td>Customs Clearance, loading, unloading, freight to Aguaytia</td>
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</tr>
<tr>
<td>Subtotal (United Nations)</td>
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<tr>
<td>Structure (building)</td>
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<tr>
<td>Electrical-mechanical installation</td>
<td>59.000</td>
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<tr>
<td>(materials, equipment, labour)</td>
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</tr>
<tr>
<td>Generator, freight and trials cost</td>
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</tr>
<tr>
<td>Subtotal (DEVIDA)</td>
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</tr>
<tr>
<td>GRAND TOTAL</td>
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</tr>
</tbody>
</table>
OLPASA

In 2009, the private enterprise OLPASA (Oleaginosas Padre Abad S.A.) was created, with ASPASH as the main stakeholder and the qualified palm oil producers with individual shares.

The General Meeting of Shareholders is represented by 14 members, 13 are elected from the various committees (1 per committee) and a member of the minority individual shareholders.

Strategy

Establishment of strategic alliances among the palm oil enterprises promoted by UNODC (OLAMSA-COCEPU, Jardines de Palma), thus achieving a permanent agreement regarding environmental protection, social responsibility and acting within the justice and unity principles. In the mid-term, establishment of a palm oil consortium.

Strengthening and improving technologies in the processing plant to reach maximum agro-industrial development.

Permanent data exchange regarding agriculture, organization and enterprise experiences in order to integrate the changes and improvements; update technological packages for technical assistance.

Periodic training for producers and professionals, for which the most appropriate mechanisms will be managed, and opportunities will be generated at all levels.

Achievements

Construction of rural roads through signed agreements with institutions such as the Ucayali Regional Government (GOREU), Upper Huallaga Special Project (PEAH) and the community of Shambillo Valley that have allowed access to the farmers’ palm oil plantations.

Creation of the Shambillo Palm Oil Association.

Training on: (i) use of the technological package for palm oil, (ii) business and leadership, (iii) study visits to the various palm oil production centres and others.

Technical Assistance: technical advice on the management of palm oil and technological transfer in a direct and participatory manner. There are 2,320 hectares of palm oil, of which 2,000 are in the production stage.

**Participation Structure in OLPASA Enterprise**

<table>
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<tr>
<th>STAKEHOLDERS GROUPS</th>
<th>NO. OF SHARES</th>
<th>% STAKEHOLDERS</th>
<th>REPRESENTATIVE MEMBERS</th>
<th>DIRECTORS</th>
<th>DEPUTY DIRECTORS</th>
<th>TOTAL DIRECTORS</th>
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<tr>
<td>ASPASH</td>
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<td>4/3 N.U.</td>
<td>4</td>
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<td>1</td>
<td>1</td>
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<tr>
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<td>100.00</td>
<td>14</td>
<td>5</td>
<td>5</td>
<td>10</td>
</tr>
</tbody>
</table>
Installation and functioning of the Palm Oil Processing Plant.

Establishment of OLPASA, where the major stakeholder is ASPASH and the palm oil producers, duly qualified, participate with individual shares.

Marketing of palm oil fruit bunches for crude oil and “palmiste” (almond without peel), which is used for the elaboration of soap. The fibre of palm oil and the almond peel are used as fuel for the processing plant’s operation.

The sales of processed crude oil increased 85% compared to 2007. The amount of sales increased from US$1,461,577 to US$2,709,705.

In 2008, the volume of crude palm oil production increased from 1,879 MT to 2,405 MT.

**Challenges**

To expand to 2,500 hectares of palm oil plantations in order to utilize the full capacity of the palm oil processing plant.

To implement a palm oil refinery together with other agro-industrial plants promoted by UNODC, such as OLAMSA, OLPESA and INDUPALSA.

To generate international credit lines and to promote active participation of the private sector throughout the different stages of the productive chain and decisive action on the part of the government.

To maintain and fertilize the palm oil plantations, which are the keystones of the productive chain.

To promote competencies and skills within the organization to strengthen all levels: management, promotion and marketing.

Generation of efficiency to compete in a demanding market.

**Current Problems**

Farmer’s lack of ability and awareness to manage their palm oil plantations with an entrepreneurial approach.

The illicit coca cultivation still remains as an alternative to the producer; thus the maintenance and expansion of new palm oil plantations are necessary to offset this situation.

Lack of economic resources and long-term credits for palm oil crops.
Lessons Learned

Palm oil plants were not possible, along with a lack of roads when illicit coca plantations were common, have been overcome. The agro industrial project was possible due to the will of the communities.

The promoted enterprises should be mixed, with the participation of strategic partners.

Training and organizational strengthening should be a principal activity in future projects.

Recommendations

To seek long-term credit lines in the financial system for palm oil cultivation.

To develop new projects to expand palm oil crop areas.
4. Divisoria Agrarian Coffee Cooperative - Producers and exporters of quality

**Background**

The Divisoria Agrarian Coffee Cooperative – CAC DIVISORIA was constituted on 20 February 2001, as a private non-profit organization in the province of Leoncio Prado, Huanuco Region. CAC Divisoria is made up of 109 coffee-producer families, and is technically and financially supported by the United Nations Office on Drugs and Crime (UNODC).

The enterprise responds to the expectations of the coffee producers, who in the hope of improving their quality of life and avoiding social violence, organized themselves to offer quality products to compete in highly demanding markets without intermediaries.

After more than eight years on the market, CAC Divisoria’s social base has increased to 634 farmer families. Sixty percent are coffee growers organized in 24 sector committees which includes 296 members living in buffer zones, “Blue Mountain Range” (Divisoria), and 84 members living in the Monzon Valley, Huanuco Region. Forty percent are cacao producers, organized in 6 sector committees, in the Padre Abad province in the Ucayali Region.

Within the framework of the Project “Reforestation of degraded soils and agro-forestry development of cacao, coffee and pijuayo for palm heart, in the province of Tocache, San Martin Region,” implemented by UNODC and DEVIDA, the CAC Divisoria has increased production and improved the quality of its specialty coffees.

Since 2007, the CAC Divisoria has increased its market supply by including...
cacao beans from the plots of members located in the province of Padre Abad, Ucayali Region.

To strengthen the productive base of coffee and to secure bids for special markets, the CAC Divisoria participated as a strategic partner in projects developed by the United Nations, Project PARA-USAID and Chemonics International. This ensured continuous technical assistance to its members, which contributed to coffee specialization at the productive, selective and market phases, aiming at the international market, and developing roasted coffee for the local market. Likewise, it linked both coffee and cacao into the value chain.

In 2008, CAC Divisoria sold around US$2.14 million on international markets, increasing by 81% compared to 2007. Exports of coffee beans accounted for 82% of the 2008 income, and cacao beans represented 18% compared to 2007, these sales were higher by 66% and 217% respectively.

In 2008, CAC Divisoria marketed 454 tons of coffee beans and 121 tons of cacao beans, volumes that exceeded 2007’s consignments by 42% and 193%, respectively.

Since the beginning, CAC Divisoria’s foreign trade revenues increased 113 times from US$18,938 in 2002 to US$2,143,997 in 2008.

**Vision**

To position CAC Divisoria as a modern and efficient entrepreneurial organization, and as a leader in coffee and cacao, through active participation, and improvement of the socio-economic and cultural level of its members based on equity.

**Strategy**

To position CAC Divisoria as a leading organization in the marketing of coffee and cacao in Peru, primarily by improving the administrative and technological processes, allowing greater access to national and international financial systems to ensure economic and financial sustainability.
To enhance training and technical assistance to coffee and cacao producers in order to optimize production processes and to expand and ensure the supply to specialty markets (fair trade, organic and gourmet).

To promote compensation for the efforts made by the producers to improve the quality of their products with differentiated prices based on quality.

To promote agricultural diversification and forestry development with profitable initiatives to complement coffee or cacao production in order to improve and diversify income without negatively impacting the environment.

**Achievements**

The promotion and development of coffee as an economic licit and sustainable alternative for families who live in areas which are subject to social upheaval due to the presence of illicit crops, particularly the Monzon Valley in the Huanuco Region.

The CAC Divisoria established the value chain for coffee and cacao with high specialization for export markets.

The recognition and trust of partners and the public for services provided by the cooperative, with social and entrepreneurial responsibility which rewards the effort made with reimbursement for premium prices.

The strengthening of commercial links with specialty coffee customers, such as Sustainable Harvest.

The recognition in Gourmet coffee markets in the U.S. and Canada, with clients such as Intelligentsia Coffee, The Coffee Mill of U.S. and Canadian Coffee Mystique.

The development of a coffee quality map based on criteria of altitude, soil, varieties and coffee-tasting features.

**Lessons Learned**

Practicing the principles of solidarity and mutual aid.

Promotion and development of licit sustainable activities for rural families with criteria of equity and environmental conservation.

Promotion of partnerships (organization) between small and medium-sized farmers as a socio-economic development factor.

**Challenges**

Development of an entrepreneurial management culture by improving human resources capacities and modernizing business process management and social responsibility.

Improve and diversify the coverage of services with new proposals.

Promote access to the national financial system.

Expand new markets by offering quality products while ensuring environmental protection.

**Organizational Structure**

The producer’s board applies a decentralized plan of organization in order to allow for a certain level autonomy to accept or separate members and representatives (General Assembly of Delegates).
Services

- Loans for crops production and implementation of infrastructure improvements or aimed at increasing production, harvest and quality.

- Technical assistance to partners in agricultural management and post harvesting process to ensure quality products.

- Training institutions and research centres for members of the cooperative on issues related to quality control.

Marketing Process

Products and Export: Brands

- Organic Coffee and Cacao
- Coffee and Cacao Fair Trade
- Gourmet coffee
- Fine and scents-blend cacao

Organic Certification

Main Clients

Coffee

Cacao
Background

The Naranjillo Agro-Industrial Cooperative was founded by 32 farmers and began its activities on 20 December 1964, in the Padre Felipe Luyano district – the capital of Naranjillo. The Cooperative’s aim was in the first place to promote the development of agriculture and livestock industry in the area in order to protect its members from insufficient payments of intermediate merchants.

Naranjillo Cooperative

The Cooperative’s main action was the reinstatement of 4,000 hectares of cacao as well as the installation and implementation of a cacao processing plant to produce cacao butter and cacao powder with a capacity of 2,500 MT/year.

With its projects 465, 467 and 458, UNODC (former UNDCP) supported the Cooperative Naranjillo industrializing cacao in the city of Tingo Maria. The aim of these projects was the reduction of coca crops in the area and the strengthening of a licit alternative economy.

In 1987, the Cooperative Naranjillo was supported by another UNODC project (former UNDCP). Soon after its field activities started, it could be shown that a technological change would not be achieved in the framework of the prevailing marketing system which was mainly based on intermediates and relied on business decisions that were not made democratically. The producers did not have control over agricultural, industrial and commercial issues related to the production of alternative products of regional importance such as cacao and coffee. In this regard, the UNODC project promoted the organization of sector associations of cacao and coffee producers and assured integrated technical assistance.
As basic elements could be provided to the associations, they continued working and appointed their representatives to the General Assembly of Delegates. In October 1989, the Cooperative decided to reactivate its project agreement and began a radical reorganization process of their business (November 1989 - 1991). One of the main problems to be faced by cooperatives in general is the difficulty to identify, organize and in particular finance their executive management group. Very often the partners of the cooperative lack awareness that it is an asset to have a team of trained and efficient executive officers - comparable to those working in a competitive private enterprise. However, this kind of team is only affordable by a cooperative if the income of its members is nearly equal to that paid in the private sector.

From 1984 to 1998, direct support provided by UNODC to the Cooperative added up to 4.5 million US dollars, whereas 2/3 of this investment was applied for the implementation of the industrial plant. The operation of the industrial plant began in January 1986 with full capacity (three shifts) and lead to a production of 3,000 MT of cacao grain/year.

From 1990 to 1991, the industrial plant processed 2,000 MT of cacao grain. Later on, this volume went through a gradual reduction due to different factors such as the subversion and increase of coca growing in the area.

Later in 1994, the terrorists’ activity was of lower intensity in the area of the Naranjillo Cooperative, and the level of raw material could be improved.

Within this framework, UNODC continued providing technical assistance and support until 2000 by strengthening the technical department, restructuring the social basis, reinforcing administrative management and providing a credit line of US$ 550,000 which helped to maintain the level of the enterprise’s production and marketing.

**Management of the Cooperative**

The Naranjillo Agrarian Cooperative was initiated by Mr. Leoncio Lescano Alva who served as the first President of the Administrative Council and by Mr. Victor Reyes Roca, the first President of the Supervisory Council.

During the 44 years of the Cooperative’s existence, 22 presidents have been in charge of the Administrative Council and 24 of the Supervisory Council. Since 1974, the members of the Cooperative were eager to have an industrial cacao plant to generate added value to their production. On 15 September 1985, this could be achieved thanks to the solidarity and financial
support of the Cooperative’s members as well as through the support provided by the United Nations Rural Development Project in Tingo Maria, the Industrial Bank and the Agricultural Bank of Peru. It was this mutual effort that lay the ground for the foundation of the “Naranjillo Agro-Industrial Cooperative”.

Until 2001, the institution’s situation was unstable due to social, economic and political problems in the area and resulted in a critical reduction of commercial activities and a loss of financial credibility.

In April 2001, the Administrative and Supervisory Council started a new phase with the vision to recover their institutional image both socially and entrepreneurially. This was accomplished by applying efficient strategies and measures with the support of cooperative entities such as SOSFAIM from Belgium and SOCODEVI from Canada.

During these years of activity and growth, the cooperative increased its organizational strength through permanent training provided to all its members. It additionally increased its infrastructure by implementing a Wet Ground Coffee Benefit Module that benefits hundreds of farmers in the surrounding areas. Further, the Cooperative has implemented a processing plant for green coffee produced for exportation, and there by became the first cooperative that owns two industrial processing plants in Peru (the Industrial Cacao Plant and the Coffee Processing Plant).

Naranjillo Cooperative has become the first producing and exporting cooperative of certified quality organic cacao and possesses the following certified seals: FAIRTRADE, ORGANIC FARMING, USDA ORGANIC, JAS, and KOSHER.

Throughout the years, the cooperative has been modernizing its production lines, starting a chocolate line of high quality for exportation which is recognized by world chocolate experts. Thus, Naranjillo Cooperative began to produce and export the first organic chocolate from Peru which is named “Mecsa Osha,” and positioned itself at a high quality demand level in national and international markets.

MECSA OSHA, First Organic Chocolate

**Implemented Strategy**

- Naranjillo Cooperative is an institution that has been able to overcome crisis and gain acceptance for its products in national and international markets. This could be achieved thanks to the efforts of its members who have been working towards the improvement of both the quality of their products and the efficiency of the production process. This quality could be maintained despite price fluctuations on international markets.
• The improvement of the product quality and the awarding of organic certification have facilitated the access to international food and organic product trade fairs.

• The development of new projects for financing the introduction of the chocolate line and the enhancement of sustainable production.

• Another key strategy that allowed the Cooperative to overcome difficult periods was the integration of its members into the main activities as well as the members’ commitment to increased teamwork – involving everyone from directors to associates to workers.

• The plant’s capacity has been increased though technological innovation. It possesses the most advanced press in Latin America which allows an easy supply to the strong international cacao market.

• Decentralization of harvesting centres into areas with larger production has been established.

• A flexible organization with decentralized decision-organizational levels could be developed.

Achievements

• Support from local financial entities and international technical cooperations.

• Increased financial and economic capacity.

• Increased sales and productivity levels.

• Infrastructure and technological growth.

• Members identify more with their cooperative and are more involved into high quality agricultural practices.

• The number of associates has increased and comprises a total of 3,500 active members.

• Sustainable agricultural programmes that maintain organic certification and fair trade were developed.

• The Cooperative has established a good reputation at national and international levels.

• Good credibility with main international clients has been established.

• The farmers benefit from their participation in fair trade production through the following activities:
In the context of global economy, based on information and action, the major challenge of the Cooperative is to create values and build the ability within the organization to learn and develop talents at all levels. There is a need to generate competence and strength to face the risks and challenges of global markets. Excellence and competitiveness are required to meet these demanding and competitive market.

Developing the Cooperative’s competence and expertise will help to generate change in fundamental fields. In this way, technological, competitive, cultural and organizational aspects can be improved and strengthen in order to compete with large investment enterprises. In this way the Cooperative will be ready to:

a) Expand its business throughout the world, conquering the markets with high quality standards.

b) Enter into strategic alliances with important chocolate industries in the world and establish national and international agreements.

c) Consider quick decision-making and action as a priority in order to keep up a competitive rhythm.

d) Revaluate and review the enterprise model used in developing countries to create value by integrating the producers at the organizational level.

Other challenges and opportunities are the cybernetic, electronic and commercial businesses. They change market behaviour and likewise serve as a means of discovering new economic realities and business opportunities which should be
maximally used. To this end, the Naranjillo Cooperative has developed its own webpage to obtain contacts throughout the world (www.naranjillo.com).

Nowadays, it is not enough to develop an international enterprise; additionally, one has to learn to act, to study and to enjoy the cultural richness of the countries and regions where the cooperative operates. To this end, it is crucial to have directors and transnational collaborators who facilitate cultural exchange.

It is necessary to mention the importance of the Cooperative’s ethical and social commitment to a conscientious and responsible attitude. This will consolidate the organization’s image and pave the way to a good positioning in the regional, national and international markets.

A particular challenge for organizations such as the Naranjillo Cooperative is the maintenance of quality and the improvement of products and services offered with the aim to reach Asian markets, such as China, Japan, and Korea, which are known to have very strict quality control standards.

**Current Problems**

- Machinery maintenance
- Limited logistical systems, inadequate road conditions and uncertain transportation systems.
- Intermediate buyers causing instability of the prices on the market.

**Lessons Learned**

- Systematization in administrative procedures to make the Naranjillo Cooperative management more efficient. Formulation and application of normative documents such as: Organizational and Functional Manual; Personnel Staff; Financial and Administrative Control Procedures including directives for procurement and contract of goods and services, as well as payment regulations for providers and personnel.
- Permanent teamwork in order to face and deal with difficult situations.
- In order to become a model cooperative in cacao and organic coffee, the Cooperative should work and appear in a perseverant and consistent way.
• Compliance with contract terms and minimization of error levels in order to avoid inconvenience with the customers and to gain credibility for future commercial relationships.

• Adjust exclusively to market prices.

**Recommendations**

• Honesty and respect towards the client should be practiced. That is to say: “We cannot offer something that we cannot fulfil!” Clients should be the main focal point of all business undertakings, for the simple reason that without clients no commercial activity can be conducted.

• Maintenance of quality is essential because today, the success of exporting enterprises depends on increased consumption capacity of the international market which have very strict quality standards. To obtain high-quality final products, quality control should be performed from the beginning.
Part II
1. Drug Control and Alternative Development Cooperation in China

China is situated adjacent to major narcotics producing areas in Asia, Southeast Asia’s Golden Triangle and Southwest Asia’s Golden Crescent. Golden Triangle area continues to be the major source of opiates entering China. Golden Crescent, as the world’s largest opiate source, has been another source of increasing amounts of heroin trafficked into China from other countries in South and Central Asia via air, land and mail routes. With a great sense of responsibility for the country, the nation, the Chinese people and the whole of mankind, the Chinese Government has taken a firm position against illicit drugs, adopted all necessary measures and made utmost endeavor to eradicate illicit drugs and protect the well-being of its people. In particular, relying on the efforts of people, the Chinese Government has mobilized all social resources and launched a people’s war against drugs across the country since 2005. The five major campaigns, namely drug prevention, treatment and rehabilitation, law enforcement, administration and precursor control, as well international cooperation, have greatly boosted China’s anti-drug endeavor and produced remarkable results in effectively restraining the heroin problem and reducing harms to the society.

Improvement of Drug Control Institutions and Laws

The Chinese Government maintains the drug control mechanism that features a unified chain of command in governments at various levels, under the China National Narcotics Control Commission.
coordination of the National Narcotics Control Commission (NNCC), with identified responsibilities for various departments and extensive participation of all relevant social sectors. The National Narcotics Control Commission is under the State Council, composed of 35 ministry-level central government departments, ministries, commissions and social groups, and oversees the national drug control affairs. Local governments above county level also have their own corresponding agencies. An anti-drug police force is established in the Ministry of Public Security, with a total of nearly 20,000 policemen specially assigned for drug law enforcement. Border police and other relevant government departments in the Customs, Railway, Transportation, Civil Aviation, Forestry, the Food and Drug Supervision and Administration, Industry and Commerce administration also undertake their corresponding law enforcement responsibilities. The Chinese Government has attached great importance to drug control legislation. Drug control provisions are provided in the Criminal Law of the People's Republic of China, the Regulations of the People's Republic of China on Administrative Penalties for Public Security and other relevant laws. The State Council has formulated the Regulations on the Administration of Precursor Chemicals, the Regulations on the Control of Narcotic Drugs and Psychotropic Substances and other administrative rules for drug control. In December 2007, the Law of Drug Control of the People's Republic of China was enacted by the Standing Committee of the National People's Congress. A series of local drug control laws and regulations have also been formulated in various provinces, autonomous regions, and municipalities, which is a powerful legal weapon for the fight against illicit drugs.

**Extensive Public Awareness Campaigns on Drug Control**

The Chinese Government has always taken prevention and education on drug control as an effective tool to address the root causes of illicit drugs, and earnestly implemented the Opinions on Nationwide Civil Drug Control Education. In 1998, the Chinese Government organized a national exhibition on drug control, which attracted 1.66 million visitors. China follows an approach of combining intensive publicity in celebrating the 26 June International Day against Drug Abuse and Illicit Trafficking with regular publicity programmes, and combining drug control publicity with the campaigns targeted at HIV/AIDS prevention and treatment. There are one million drug control volunteers in China, who are active on the frontline of anti-drug education. Various programmes have been in place including “Keeping Drugs Away from My Home”, “Keeping Drugs Away from Schools” and “Keeping Drugs Away from Young People” to bring drug control education into schools, communities, families, public facilities, workplaces and countryside. As a result, the Chinese people now have better knowledge on how to identify and reject illicit drugs. The annual growth rate of new heroin addicts has decreased from 30% at its peak to 4.6%, with the proportion of young abusers under the age of 35 falling from 82% to 51%.

**Proactive Correction, Treatment and Assistance to Drug Addicts**

The Chinese Government maintains that drug treatment and rehabilitation should proceed in a people-oriented way. Taking education and rescue of drug addicts as
its top priority, the Chinese Government has worked tirelessly to devise effective methods for drug treatment and rehabilitation. The multi-pronged drug rehabilitation system, which includes voluntary, compulsory in closed settings and community-based rehabilitation and methadone maintenance treatment as well as other drug rehabilitation modalities has helped many drug addicts give up drug abuse and reintegrate into the society. A total of 70 integrated drug rehabilitation facilities have been established, which not only provide physical and psychological treatment and rehabilitation, but also assist former drug addicts in returning to the society. Community-based maintenance treatment for opiate substance dependants has been strengthened, with 600 clinics set up nationwide. Treatment fees falling to financially-strapped drug addicts are being reduced or cancelled. By the end of December 2008, China had 1,126,000 registered drug users, including 902,000 heroin abusers and 241,000 new-type drug abusers. Between 2000 and 2007, a total of 1.8 million drug addicts went through compulsory treatment and rehabilitation, 178,000 undertook maintenance treatment. Currently, there are 158,000 drug users under the programme of community-based education and supports, and 67,000 registered former heroin addicts remained relapse free for at least three years.

**Strict Law Enforcement Against Drug Crimes**

The Chinese Government has taken strict measures under the law in combating drug-related crimes and stern punishment over drug criminals. Interdiction and detection networks have been established in major hotspot border areas along land, water and air routes as well as postal channels, which have resulted in effective reduction of entry of illicit drugs and exit of precursor chemicals. Through strengthened international drug law enforcement cooperation, in collaboration with relevant countries, a number of major transnational criminal drug cases involving illicit drug manufacture and trafficking were cracked down, including the Operations “7.28” and “9.2”, with a number of notorious international drug lords arrested. From 1998 to 2008, a total of 956,000 drug-related criminal cases were made, with over 970,000 drug crime suspects detained, and the seizure of 73.2 tons of heroin, 78.5 tons of methamphetamine, 15.7 tons of opium and 9,162,000 ecstasy tablets.

**Enhanced Control of Precursor Chemicals**

China is a major producer and exporter of chemical products. The Chinese Government has persisted on strict administration, with timely improvement of the legal framework for precursor control, consistent overhaul campaigns to regulate the production, distribution and administration, and severe punishment over the smuggling and illegal trading of precursor chemicals, which have resulted in effective prevention of drug precursors from diversion into illegal channels. China has actively participated in international
precursor control operations under the auspices of the International Narcotics Control Board, including the “Operation Purple”, “Operation Topaz” and “Project Prism”, and a number of precursor smuggling cases were made jointly with other relevant countries. Between 2005 and 2008, a total of 1,083 drug precursor smuggling cases were made and 7,527 administrative violations handled, with 6,340 tons of precursor chemicals seized and attempts of illicitly exporting 5,053 tons of precursors stopped through international checking mechanism.

Active Participation in International Cooperation

The Chinese Government has always attached great importance to international drug control cooperation. China supports and actively participates in international drug control efforts. China is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention as amended by the 1972 Protocol, the 1971 Convention on Psychotropic Substances. In addition, China has signed bilateral anti-drug cooperation agreements and MOUs with 18 countries. China has hosted a number of meetings under the drug control mechanism of ASEAN-China, East Asia sub-regional MOU and Shanghai Cooperative Organization with the aim of enhancing information exchange, judicial cooperation and law enforcement training programmes.

Alternative Development Cooperation

As a major measure to eradicate illicit drug crops, the Chinese Government has always attached great importance to alternative development (AD) cooperation. While attending the United Nations General Assembly Special Session on the World Drug Problem (UNGASS) in June 1998, the then State Councilor H.E. Luo Gan solemnly announced to the world that China would take alternative development as one of its three main propositions in cooperation with the international campaign on drug control. In line with the cooperative agreements on drug control with Myanmar and Laos, the Office of NNCC, together with the Ministries of Commerce, Foreign Affairs, Public Security, Finance and Agriculture, the National Development and Reform Commission, as well as Yunnan Province, made unremitting efforts on AD cooperation to eradicate poppy cultivation in Northern Myanmar and Laos, which are near Southwestern China. In 2006, the Chinese Government aided 5 million yuan establishing a model AD project, including free high-quality seeds of
paddy rice, corn, sugarcane and tea, as well as cultivation technique assistance to the Special Region 1 (Kokang) of Shan State, Myanmar. In April 2007, China aided another 100,000 USD to the drug rehabilitation center, which was built with China’s 500,000 USD aid in Oudomxay in 2005 to help drug abusers rehabilitate in Laos. As of the end of 2008, the Ministry of Finance and Yunnan Provincial Finance Department have financed 150 million yuan and 29 million yuan respectively on AD projects in Northern Myanmar and Laos. In order to market AD products, the Chinese Government has been exempting import duty and import value-added tax on the AD products from Northern Myanmar and Laos to China since 2006. The amount of exemption has reached to more than 300 million yuan until now. To help local ex-poppy farmers solve their livelihood problems and consolidate the achievements in poppy eradication, NNCC has donated 20,000-ton rice to the opium poppy eradication areas in northern Myanmar in June 2006 and 2008, easing local food shortage in time and enhancing ex-poppy farmers’ confidence in poppy eradication. By the unremitting efforts of the concerned stockholders, the drug situation in the Golden Triangle area has been much improved. The poppy cultivation in the area decreased from 158,000 hectares in 1998 to 29,000 hectares in 2007. The harms of illicit drugs have thus been greatly reduced to the countries of the area and the world.

In conclusion, on its due responsibilities to the nation, the people and the whole world, the Chinese government will continue its efforts in fighting against drug problem, further enhancing its cooperation with all governments and international organizations, and strive for a drug free world as the ultimate goal. We will roll out anti-drug education programmes on a wider scale so as to raise the anti-drug awareness of the public. We will learn from international experience and improve drug rehabilitation models in consistence with China’s national conditions so as to reinforce abstinence effect. We will take stern measures against illicit drug manufacture, smuggling and trafficking so as to cut off drug sources to the best extent possible. We will intensify precursor chemical control so as to forestall precursors from spreading into illegal channels. We will faithfully abide by international drug control conventions, develop stronger ties with other countries and international organizations, and continue to support AD projects and other technical assistance in Northern Myanmar and Laos.
Country Profile

The Lao People’s Democratic Republic is located at the hub of the Mekong Sub-Region, and was part of what was once the largest opium producing area called the “Golden Triangle.” It has a total land area of 236,800 square kilometers of which 80% is mountainous. The country is surrounded by a porous 5,038 kilometer border with the other five countries (China, 416 km; Cambodia, 492 km; Myanmar, 230 km; Thailand, 1,736 km and Vietnam, 1,957 km) of the Mekong Sub Region. It has a population of 6,700,000, including 49 main ethnic groups belonging to 4 main ethno-linguistic families. Approximately 80% of the population lives in rural areas. In 1975, with the end of the Indochina War, the Lao PDR was established. In 1986, the country adopted the New Economic Mechanism by which the country expanded its economy from central planning to a mixed system which encourages private enterprise. To stimulate it, the Government has been reworking its legal framework supported by a new Constitution adopted by the National Assembly in 1991 which guarantees fundamental private rights.

Since then, national economic growth has averaged 6% except when briefly interrupted in 1997 due to the Asian

2. Lao PDR - Alternative Development and Opium Reduction in Lao PDR
Financial Crisis. This has enabled the Lao PDR to expand its road system with several highways traversing the country (some part of the Asian Highway), build four bridges across the Mekong (with more planned), and undertake large hydropower schemes.

The Lao PDR has expanded its international contacts during this time, such as by joining ASEAN in July 1997. In relation to drug control, the country entered into a Memorandum of Understanding (MOU) with UNODC in 1993 to implement its Regional Action Plan to reduce drug use.

Despite this progress, the Lao PDR remains a Least Developed Country with 80% of the people subsistence farmers and 4 of its 6.7 million people living on US$2 or less per day. UNDP’s Global Human Development index now ranks the Lao PDR at 133 out of 177 countries with the country at the “Medium Human Development” level. Progress is being made in meeting the country’s aim of emerging from least-developed status by 2020. Essential to meeting this goal is addressing the threats to society and stability from illicit drugs including drug induced violence, crime, corruption, money laundering, human trafficking, HIV/AIDS, etc.

Overview of Illicit Drug Situation and Trends

Illicit drug production, trafficking and abuse continue to pose a serious threat to Lao society and traditions. The illicit drug situation contributes to poverty and suffering and endangers the social and economic development of the country. It is a source of crime, corruption and violence that threatens security and stability.

There are four main illicit drugs problems in the Lao PDR: opium poppy, amphetamine-type stimulant (ATS), cannabis and heroin.

Opium

Opium cash cropping developed in the Lao PDR during the colonial period. By 1990, the Lao PDR was the third largest producer of illicit opium and had the second highest rate of addiction in the world.
LCDC-UNODC opium surveys report that from 1997/1998, a total of 2,056 villages were engaged in poppy cultivation on 26,837 hectares; this dropped to less than 1,500 hectares in 2007 or a reduction of over 94%, but further rose to 1,600 hectares in 2008 (7% increase).

Opium addiction has been reduced, from about 63,000 to 7,700 drug users over the same period.

Since 2002, support was received from UNODC and the U.S. Embassy’s Narcotics Affairs Section for nationwide community-based treatment of opium users, an approach growing continually more effective. However about 4,000 treated users have relapsed bringing the total number of addicts to over 12,000. Opium addiction drains precious financial resources, reduces household productivity, increases domestic violence and impedes poverty reduction efforts.

Amphetamine Type Stimulants (ATS), Heroin and Cannabis

ATS

Unlike poppy growing, which is rooted in poverty, the emerging drug problems in the Lao PDR arise from criminal activity. Since the late nineties there have been increases in ATS, heroin, precursors, and other illegal substances being trafficked by transnational organized crime groups through the Lao PDR. Attracted by the country’s economic growth and improving road network, they began to ship illicit goods through the country and also to convince Lao youth to try drugs.

Before 1996, ATS was unheard of but in 2006 there was a reported 40,000 ATS users mostly amongst the youth of Laos. ATS use has grown in urban centers, as confirmed by sample urine tests on 14,260 students from 99 schools in 17 provinces. From 2003, when one survey found an average of 3.7% of high-risk students in urban areas had tried ATS, this increased to 27.6% in 2005.

Heroin

As the Lao PDR is surrounded by countries where HIV/AIDS and injecting drug use rates are high, the risk of a major HIV/AIDS epidemic is acute. Trafficking increases drug use. With heroin from elsewhere in Asia being smuggled through the Lao PDR, injecting heroin use has been observed in border areas and cities since 2004. A LCDC/ UNODC survey conducted recently found that in three northern border provinces, 2.8 percent of highland villages had used heroin with four percent of those injecting. At present some former opium users, as well as new drug users, have begun poly drug use.

However the number of HIV victims in Laos at present is still low compared to the neighboring countries but it increases compared to the past years. More IDU
and more tourists plus not inappropriate control and prevention, the number of HIV victims may increase significantly.

Cannabis

Previously cannabis cultivation and use was limited, being grown in certain regions by Laos as a herb to add flavour to food when cooking. Now cannabis production is illegal in Laos. Commercial cannabis production is grown mainly in the lowlands in remote areas of central Lao provinces and in particular in the areas near by the Mekong River for illicit export to neighboring countries. Most often entrepreneurs from across the border contract Lao farmers to cultivate cannabis. No estimates are available on the extent of illicit cannabis cultivation.

Drug Related Crimes

There are more negative impacts. Expanding drug use in the country has contributed to an estimated 85% growth in petty and sometimes violent crime since early-2007.

Drug related criminal activity also raises the risk of increased corruption and challenges the rule of law. Certain situations also exist where transnational organized criminal activities are fuelled by strife, instabilities and insecurities in other regions.

Illicit Drug Trafficking

In 2008, The Lao National Commission for Drug Control and Supervision recorded drug seizures and arrests in the Lao PDR as follows:

All this indicates that transnational organized crime groups have targeted the Lao PDR for trafficking and marketing illegal substances that generate massive profits.

![Drug Related Crime Chart](chart.png)

Source: LCDC
National Drug Control Policies, Strategies And Programmes

The Lao PDR drug situation has grown increasingly complex, as can be seen in the evolution of the National Drug Control policies, strategies and programmes.

The First National Drug Control Programme

The Lao PDR began to address decisively the problems of drug production, trafficking, and addiction with the establishment of the LCDC in 1990. The LCDC was responsible for coordinating and monitoring all drug related issues. It comprises representatives from Ministries of Foreign Affairs, Public Security, Justice, Health, Education and Agriculture as well as from the Department of Customs (Ministry of Finance) and Council of Ministers.

In 1994, based on the experiences and lessons learned from the pilot project implemented in Paravek, Hom District, Vientiane Province in 1987, and other international donors supported projects the Government of the Lao PDR with support from UNODC, developed a First National Drug Control Programme which features a balanced approach and gradual reduction to drug control with an emphasis on alternative development. The broad objectives are:

- Gradual elimination of opium poppy cultivation;
- Elimination of cannabis cultivation;
- Elimination of drug trafficking, refining and drug related crimes;
- Drug demand reduction and prevention;
- Control of psychotropic substances and precursors; and
- Facilitation of international cooperation.

The Second National Drug Control Programme

In 1998, the United Nations General Assembly Special Session (UNGASS) on Drugs called for a significant reduction in global illicit drug cultivation within ten years. In 1999, the Government of Laos jointly developed with UNODC the National Programme Strategy aiming to eliminate opium poppy cultivation in Laos, called ‘The Balanced Approach to Eliminating Opium Poppy Cultivation in the Lao PDR by 2006’. The programme strategy has three main components: alternative development; drug demand reduction; and law enforcement.
In 2000, the Programme Facilitation Unit (PFU) was jointly established by the Lao Government and UNODC to be the main backbone responsible for the implementation of the National Programme Strategy, ‘The Balanced Approach to Opium Elimination’. Various Government decrees and orders reinforced the determination of the Government at all levels to implement this priority national programme strategy.

Following Prime Minister’s Order No. 14 of November 2000 regarding drug control, the Seventh Party Congress in 2001 passed a resolution in 2001 to eliminate opium poppy cultivation by 2005 – one year ahead of the planned programme. In October 2001, a new National Steering Committee to Combat Drugs was appointed by the President. With the Prime Minister as Chairman and the Minister of Public Security and the Minister to the President’s Office (and Chairman of LCDC) as Vice Chairmen, the members were the Deputy Ministers of Defense, of Information and Culture, and of Public Health.

A series of alternative development projects aimed at reduction and gradual elimination of opium production and consumption were supported and implemented by UNODC and NAS. There were also other AD related projects supported by other donors such as WFP, China, GTZ, EU, IFAD, NCA, NORAD, JICA, CIDSE, CONSORTIUM, ADB, WB, and Lao World Group Com. Ltd. This contributed to the country of Laos to declare itself on the successful elimination of opium poppy cultivation in 2006.

**The Third National Drug control Programme**

The socio-economic impact survey carried out by LCDC/UNODC in 2005 indicated that alternative development assistance has only reached 50 percent of the villages that used to grow opium in 1998 (2,056 villages). Another 50 percent (1,100) of former opium growing villages haven’t received any support for alternative development or for generating income replacing the income from opium. They still require urgent alternative development assistance.

In 2006, the Lao Government together with UNODC developed and officially adopted the National Strategy Programme for the Post-Opium Scenario 2006-2009 targeting 1,100 villages with the objective of ensuring a sustained opium elimination process and ensuring the former opium farmers do not revert to planting opium poppy. The programme strategy has four main components: drug supply reduction through alternative development; drug demand reduction; civic awareness; and law enforcement.

Under the National Programme Strategy for the Post-Opium Scenario, there have been three AD projects supported by UNODC and UNIDO and implemented in the three northern provinces as follows:

- **AD Project in Oudomxay Province** funded by UNTFHS through UNODC and UNIDO, with a three year implementation phase which started in March 2007.
- **AD Project in Houaphan Province.** Funded by Luxembourg Government
and NAS through UNODC with a three year implementation phase started from June 2007. The implementation of this project has been coordinated closely with the ADB project effectively in mid of 2008. The ADB project is responsible for putting in essential community infrastructure and activities.

• AD Project in Phongsaly Province funded the German Government through UNODC with a three year implementation phase started from January 2008.

These projects aim to extend sustainability of opium elimination and addiction and poverty reduction to former opium farmers by providing community based participatory alternative development activities, community-based treatment and rehabilitation and income generation opportunities emphasizing an integrated alternative development approach linking social, technical and economical aspects.

However, the implementation of the above three AD projects under this National Programme Strategy for the Post Opium Scenario so far can cover only about 110 villages (10 percent) of its target villages with some limited development activities.

The Government has built the sustained elimination of poppy cultivation as a poverty-focused programme into the 6th Five-Year National Socio-Economic Development Plan (2006-2010).

The Fourth National Comprehensive Drug Control Master Plan

The new National Drug Law provides the framework for controlling drugs and related crime. The law specifies responsibilities for different sectors, including government agencies, society, the family, and the individual. Related criminal activity, such as fraud is covered while international cooperation is stressed. The law strengthens the Lao National Commission for Drug Control and Supervision as the National Government Organization responsible for coordinating drug control.

To implement the drug law, the LCDC with support from UNODC has devised the country’s first comprehensive National Drug Control Master Plan. The comprehensive National Drug Control Master plan comprises a strategy of nine components, three of which are cross-cutting.

Following are the nine components and objectives of the strategy:

• **Trend analysis and risk assessment (cross-cutting).** To monitor the production, consumption, and trafficking of drugs in order to develop effective drug control policies, strategies and programmes.

• **Alternative Development and Poverty Reduction.** Negate the socio-economic needs to produce opium and address special needs of communities involved.

• **Drug Demand Reduction and HIV Prevention.** Reduce drug abuse, the spread of HIV/AIDS, and the harm caused by both.

• **Civic Awareness and Community Mobilization.** Mobilize all sectors of the Lao population to establish an anti-drug culture based on a better understanding of drug-related harms.
• **Law Enforcement.** Provide the entire Lao PDR with the means to resist drugs.

• **Criminal Justice and the Rule of Law.** Support the rule of Law and effective enforcement in controlling drugs.

• **Chemical Precursor Control and Forensics Capacity.** Implement effective precursor control measures and improve technical capacity to identify illicit substances as required for enforcing the law.

• **International Cooperation (cross-cutting).** Expand the partnership by which the Lao PDR addresses the drug problem and control trans-national trafficking of illicit substances and sharing best practices.

• **Institutional Capacity Building (cross-cutting).** Provide the Lao PDR the increased capacity by which this National Drug Control Master Plan can be effectively and efficiently implemented.

The programme is estimated to cost US$72,000,000 over a five-year period (from 2009—2013). Funding will be utilized for these programmes, related projects and activities which will support the nine components.


Partnerships could include other UN organizations and agencies such as UNODC, UNIDO, WFP, UNICEF, UNAIDS, WHO, UNDP, FAO, international financial institutions such as ADB, WB and IFAD, bilateral development partners such as NAS, AUSAID, German, China, Vietnam, Luxembourg, Brunei, Republic of Korea, the USA and Japanese Governments as well as ASEAN member countries, Norwegian Church Aid as well as other NGOs and national organizations including relevant line ministries, mass organizations, and research institutions.

**Structure for Policy, Strategy and Programme Implementation**

For the effective implementation of drug control and to ensure the success of opium elimination, the Government of the Lao PDR formed and established different drug control organizations at different government levels as follows:
National Level

National level organization of drug control in the Lao PDR is run through the Lao National Commission for Drug Control (LCDC). It was set up in 1990 to be responsible for coordinating and monitoring all drug related issues. It comprises representatives from Ministries of Foreign Affairs, Public Security, Justice, Health, Education and Agriculture as well as from the Department of Customs (Ministry of Finance) and Council of Ministers. In addition, Drug Control Units (DCU) has been established in Ministry of Agriculture and Forestry, Ministry of Education, Ministry of Health, and Ministry of Information and Culture.

National Strategy Implementation

In 2000, the Programme Facilitation Unit (PFU) was jointly established by the Lao Government and UNODC to be the main backbone responsible for the implementation of the National Programme Strategy, ‘The Balanced Approach to Opium Elimination’. Various Government decrees and orders reinforced the determination of the Government at all levels to implement this priority national programme strategy.

Provincial Level

The Provincial Commission for Drug Control (PCDC) coordinates and strengthens drug control activities at provincial level.

Counter Narcotic Units (CNU) have also been established in 11 selected provinces of Phongsaly, Oudomxay, Houaphanh, Xieng Khouang, Luang Prabang, Xayabuly, Bokeo, Luang Namtha, Vientiane Capital, Savannakhet and Champasack.

District Level

The District Commission for Drug Control (DCDC) is responsible for coordination and strengthening of drug control activities at district level throughout the country.

Village Level

The Village Committee for Drug Control (VCDC) is the village level organization responsible for drug control activities.

Border Control

So far, Lao PDR has established seventeen (17) borderline offices (BLO) including one (1) for Lao-Cambodia, one (1) for Lao-China, two (2) for Lao-Myanmar, nine (9) for Lao-Thailand and four (4) for Lao-Vietnam. The immigration police, customs and the provincial authority are responsible for these issues.

Key Achievements

The success of the opium elimination and its sustainability requires strong support from the Government of Lao PDR and joint coordinated efforts with different countries, international organizations, as well as no-governmental organizations (NGOs).

Significant Reduction of Opium Poppy—Cultivation Area and Opium Drug Addicts

With the implementation of more than 13 AD-related projects in the period 1998-2008, the opium poppy cultivation area
was reduced to 1,600 ha (2008) from 27,000 ha and the opium addicts reduced to 12,000 from 63,000. By 2006, from being the third largest producer of illicit opium and having the highest opiate abuse rates in the world, Laos has practically entered a post-opium setting, having significantly eliminated opium poppy and treated the majority of its opium addicts. On 14 February 2006, the Government of Laos officially declared its success in being able to eliminate opium poppy cultivation to insignificant levels. This is seen as a praise worthy and historical achievement, but much more needs to be done.

**International Cooperation, Bilateral Agreements and MOUs on Drugs**

Lao PDR is a signatory to the following international convention on drugs.


b. 1971 convention on Psychotropic substances (ratified in 1977)

c. 1988 convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (ratified in 2004)

d. The 1972 protocol Amending the 1961 Single Convention on Narcotic Drugs (ratified in 2009)

**Signed bi-lateral Agreements and MOUs**

Lao PDR has signed bilateral agreements and MOUs. Laos has signed bilateral agreements on cooperation against illicit trafficking of narcotic drugs and psychotropic substances and precursor chemical control with a number of friendly countries namely: China, Cambodia, Cuba, India, Indonesia, Myanmar, the Philippines, Russia, Thailand and Vietnam.

On the regional level, the Government of Lao PDR adheres to the ACCORD Plan through ASEAN structure. The ACCORD Plan of action meets the global drug control objectives as set forth by the UNGASS. Through the ASEAN, the Lao PDR is also party to a certain number of “Memorandum of Understanding” (MOU) and the ASEAN Plan of Action to combat Transnational Crime which also addresses drug trafficking.

At the same time its cooperation with neighboring countries China, Vietnam, Thailand, Cambodia and Myanmar is reinforced by the establishment of more BLO along the border line and increased patrolling along the Mekong River. This action is proving to be more and more effective.

After the Lao PDR participated in the United Nations General Assembly’s 20th Special Session (UNGASS) on the World Drug Situation in 1998, the Government formulated its Balanced Approach to Opium Reduction the following year which led to opium being eliminated in the country.

**Partnership and Cooperation**

Lao PDR has cooperated with international organizations and agencies such as UNODC, UNIDO, WFP, UNICEF, UNAIDS, WHO, UNDP, FAO. It has also cooperated with international financial institutions such as ADB, WB and IFAD in the course of implementing various programmes and projects on Alternative Development and Drug Demand Reduction.
Implemented Community Based Participatory Projects on Alternative Development and Drug Demand Reduction

Implementation of projects requires the active participation of all stakeholders. Beneficiaries actively participate in the identification of needs and solutions including the planning, implementation of various project interventions. This approach ensures pride and ownership of projects by beneficiaries. Likewise, support service organizations at the district and provincial levels are strengthened to enhance support service delivery. Alternative development activities include water supply and latrine, access tracks, schools, irrigation schemes and income generating and marketing activities which include micro credit, post harvest and processing and marketing. In all these activities community actively participate through paid and unpaid labor and local materials counterpart.

Since 2003, LCDC/PFU has been implementing a community-based drug treatment programme. Previously, health practitioners in Laos used liquid tincture of opium to detoxify opium addicts. In early 2005, LCDC, UNODC/PFU, the Ministry of Health (MOH) and Pharmaceutical Factory Number 3 developed tincture of opium in capsule form. Treatment using tincture of opium capsules has proven very effective in providing smooth detoxification. The treatment guidelines for tincture of opium capsules were developed and treatment is being expanded on a nationwide basis.

Drug Prevention

The policy of Lao PDR is to place first priority on drug prevention. Thus, drug awareness campaigns to mobilize all sectors of society is given focus to establish an anti-drug culture based on better understanding of drug related harms.

Treatment Centers

For the treatment of other drugs addicts such as ATS and heroin, the Government has established some treatment centers with support and assistance from different donors as follows:

a. Somsanga Drug Treatment Center in Vientiane Capital (USA, UNODC, Japan);
b. Champasack Drug Treatment Center (Thailand);
c. Savannakhet Drug Treatment Center (USA);
d. Bokco Drug Treatment Center (NCA, USA);
e. Xaiyabuly and Ngeun Districts Drug Treatment Center in Xaiyabuly Province (Brunei);
f. Oudomxay Drug Treatment Center (China); and

g. Luang Prabang Drug Treatment Center (Japan).

Highlights of good practices, experiences and lessons learned

Political Will and Commitment of Government.

This political will and commitment is further operationally through evolving policies, strategies and programmes to respond to challenging and changing situation.
Implementing Structures

Establishing implementing structures at all levels from the central to the provincial, districts and villages to ensure that policies, strategies and programmes are brought down to the grassroots through projects and activities.

Participation of All Stakeholders

Full participation of all stakeholders in the implementation of project and activities including the involvement of civil society to develop a counter culture against drugs.

Partnership and Collaboration

Partnership and joint efforts and collaboration with immediate country neighbors assisted by bi-lateral agreements and resources including support from international organizations.

Capacity Building

Strengthening community level organizations at the village level and enhancing support services delivery of district and provincial offices coupled with strengthening capability of law enforcement agencies.

Recommendations

Sustainability of Alternative Development and Drug Demand Reduction

Political will and commitment to pursue policies, strategies and programmes for AD and DDR. These policies and programmes must be the basis for formulating community based participatory projects that ensure the participation of all stakeholders. The implementation of these projects, while being coordinated at the central level by LCDC, by PCDC at the provincial level, by DCDC at the District level, are being implemented through the existing offices of the district, provincial, and central ministries. The capacity building efforts on these organizations ensures sustainability and support services delivery. While the strengthening of the VDC including its sub-working committees will ensure efficient and effective project implementation at the village level.

The success of AD is closely linked to drug demand reduction. There is a need to develop strategies for marketing AD products within the country and with the neighboring countries. Thus, there is a need to develop cross border cooperation and trade for AD products.

Food Security and Environmental Sustainability

In the course of implementing projects, food security and environmental sustainability must be given a priority attention since most of these communities are in subsistence economy. Appropriate technologies must also be used to ensure environmental sustainability. Communities must have access to micro credit to support basic production activities, livelihood activities, post harvest and processing facilities and marketing. The establishment of group funds and village funds are necessary to ensure sustainability.

Partnerships and Cooperation

Synergy in programme and project implementation is enhanced through
partnership and cooperation with United Nations organizations, international development organizations, international NGOs, and financial institutions. Aside from the financial resources from these various agencies, they also bring along with them specific knowledge and expertise which could complement the local knowledge.

**Strengthen Border Relations, Bilateral Agreements and International Conventions**

Enforcing the rule of Law is more effective and efficient through close border relations in cooperation with our immediate neighbors. The transnational nature of drug trafficking requires the sharing of information and resources to combat drug trafficking.

**South – South Cooperation**

The transnational nature of drugs makes it imperative to strengthen South-South cooperation to enhance the following areas of concern:

a. Exchange of information on the technical expertise on AD and sustainable livelihood.

b. Exchange information and knowledge on the nature of drugs especially opium and heroin and coca bush and cocaine.

c. Future information sharing and marketing network.
Country Background

Myanmar is situated in South East Asia and the total area of Myanmar is 261,228 square miles. Myanmar is also well known for its prosperity, peace and stability. The country has existed for thousands of years parallel to the European nations. The monarchs reigned the kingdoms in different parts of the country without any outside interference. The territorial integrity or the sovereign power of a country spreads to the areas up to the borders. But in late 19th Century, after three Anglo-Myanmar wars the entire country fell under colonialist rule and lost independence. The colonialists were afraid of the unity of the Myanmar people especially those of border areas. They intentionally dragged the ethnic people of the border areas deeper into poverty and enforced them to grow poppy for producing opium and grabbing all the projects of the opium business. Then the border regions lagged far behind in development progress.

Myanmar regained her independence in 1948 but due to the constraints in the border areas there emerged multicoloured insurgents. The country has also waged a relentless war on illicit drugs. The worst of all was when the Nationalist Chinese troops intruded the country in early 1950s and threatened the sovereignty and also made the opium business on a wide scale, extensively.

The successive governments of Myanmar in post-independence era tried to eliminate the narcotic drugs. And they also tried for regional peace, stability and development. But they were not able to do so due to the insurgency. Even, there were insurgents existing under the foreign instigation and assistance.

In 1988, when the present government took the state power, the government gives its full attention and priority to drugs matters, laying down consistent policy to combat this menace. Also the government is determined to eradicate poppy production and permanently restructure the economy of the opium producing areas in the country, and is therefore stepping up activities to obtain this ultimate objective.
Geographical Condition and Socio-economic Situation

The geographical conditions and socio-economic situation are as follows:

Geography

The Union of Myanmar lies between 09° H32’ and 28° H31’ North Latitude and 92° H10’ and 101° H11’ Longitude East and has an area of 676,577.5 square kilometers. It has common borders with the People’s Republic of China, Lao People’s Democratic Republic, the People’s Republic of Bangladesh, the Republic of India and the Kingdom of Thailand and the coastline is 1385 miles long. The Tropic of Cancer lies near the town of Moegok and the climate can be defined as Tropical and Subtropical and Temperate Climate. The regions can be classified as Delta Zone, Coastal Zone, Dry Zone and Hilly Areas or Zone.

Population

There are 14 States and Divisions in the Union of Myanmar which can be divided into 64 Districts, 324 townships, 13,762 village tracts and 65,210 villages. The Union of Myanmar is made up of over 100 national races. According to the statistics of 2006-2007, the population of the country is estimated at 56.5 million and the population growth rate is 2.02 percent. Rural population is 70 percent of total population of the country.

Health and Education

Health and Education status of Myanmar is much higher than some of the developing countries. There are 39,447 basic education schools, 824 hospitals, 367 dispensaries and 1456 rural health centers. In 2005-06 fiscal year the average birth rate in the rural areas is 30.1 and average death rate is 9.9. Child under 1 year mortality rate is 45.1 and maternal death rate is 1.8 percent respectively. Life expectancy is 61.8 for females and 59.7 for males. Child malnutrition rate under 3 years is 19.2 and Universal Child Immunization covers 85 percent. The people per doctor ratio is 3040:1 and people per nurse is 2856:1. The ratio of people per bed of hospital is 1658:1. One rural health center is providing medical cover to an average of 9 villages.

Overview of Illicit Drug Situation and Trends

According to UNODC, opium poppy cultivation in Myanmar is estimated as 27,000 hectares in 2007, which has fallen from 130,000 hectares in 1998.

Poppy cultivation areas and clandestine heroin refineries are situated along the borders with China, Laos and Thailand, the bulk of drugs produced are normally trafficked out directly across the borders to the international market. Therefore, it is readily deduced that the seizures of opium and heroin were made for the domestic market but it is also possible that a certain portion was seized while on its way to India, Malaysia and Singapore. Seventy five percent of seizures occurred in Shan State and the rest in other States and Divisions.

Myanmar is not an industrialized country and thus precursor chemicals such as acetic anhydride and ephedrine, which are essential in the production of heroin and
Control Sub-Committee was formed in 1998 under the CCDAC to control and monitor licit importation and distribution of chemicals for use in the chemical industry. The 25 chemicals are notified as controlled chemicals in Myanmar.

Cannabis is mostly grown illegally in the central and southern regions of Myanmar mainly in the Bago Division, Kayin State and Tanintharyi Division. It is solely trafficked for the domestic market and up to present there is no intelligence on illegal exportation.

Concerning with stimulants, methamphetamine has been a serious drug problem in the sub-region and region for over a decade. It was relatively unknown to Myanmar until 1996. Information and intelligence sharing with neighboring countries in 1994-1995 on illicit ephedrine trafficking from China and the manufacture of methamphetamine tablets at the border areas led to seizures of millions of stimulants in the subsequent years. All the major seizures were made in the Shan States bordering China and Thailand on their way to the Thai market. Seizures for the stimulants are as follows:

The Myanmar Police Force is effectively implementing its duty of suppression of narcotics drugs has formed (26) Special Anti-Drug Squads. The Special Anti-Drug Squads are assigned the specific duties of suppression of narcotic drugs and are responsible for implication of the policy and plans laid down by CCDAC, under the close supervision of the regional authorities.

Myanmar has been cooperating with international community by engaging in such moves as signing the MOU on

<table>
<thead>
<tr>
<th>YEAR</th>
<th>OPIUM (kilos)</th>
<th>HEROIN (kilos)</th>
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<tbody>
<tr>
<td>1997</td>
<td>7883.97</td>
<td>1401.08</td>
</tr>
<tr>
<td>1998</td>
<td>5393.63</td>
<td>403.80</td>
</tr>
<tr>
<td>1999</td>
<td>1473.03</td>
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</tr>
<tr>
<td>2000</td>
<td>1528.39</td>
<td>158.92</td>
</tr>
<tr>
<td>2001</td>
<td>1629.07</td>
<td>96.74</td>
</tr>
<tr>
<td>2002</td>
<td>1863.28</td>
<td>333.88</td>
</tr>
<tr>
<td>2003</td>
<td>1481.69</td>
<td>568.08</td>
</tr>
<tr>
<td>2004</td>
<td>606.89</td>
<td>973.51</td>
</tr>
<tr>
<td>2005</td>
<td>772.72</td>
<td>811.69</td>
</tr>
<tr>
<td>2006</td>
<td>2320.35</td>
<td>192.33</td>
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<tr>
<td>2007</td>
<td>1273.96</td>
<td>68.38</td>
</tr>
<tr>
<td>2008</td>
<td>1463.388</td>
<td>88.1278</td>
</tr>
<tr>
<td>2009 (Up to May)</td>
<td>472.52</td>
<td>184.71</td>
</tr>
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</table>

methamphetamine respectively, are not manufactured in Myanmar. It is found that the influx of precursor chemicals is mainly trafficked illegally across the borders from neighboring countries. All major seizures were made in the north east and eastern borders of Myanmar. Prior to the 1990s, precursor chemicals also came in illegally across the India border, but no major seizures were made up to 1997. However, starting 1998, significant seizures of precursor chemicals and ephedrine were made annually on the border areas with India.

Illicit ephedrine trafficking across the China border into Myanmar was also seized only after law enforcement officers were trained and equipped to identify essential precursors. The following table shows the annual seizures since 1997.

Due to the crucial role precursor chemicals play in the production of drugs, a Precursor
collective drug control together with nations within the region and the sub-region of United Nations Drug Control Programme (UNDCP) and neighboring countries, signing bilateral agreements, hosting meetings and workshops held abroad and cooperating with overseas NGOs and with other countries interested in this field. Myanmar will further cooperate with the international community in future in this regard.

The potential production for 2007 was 460 metric tons in 2007 and the 410 metric tons for 2008, with a reduction of 10.9%. Average opium yield for 2007 was 16.6 kilograms per hectare, with a reduction of 12.7%. 3598 hectares of poppy were eradicated in 2007 and a total of 4820 hectares were eradicated in 2008, with an increase eradication of 34%.

Overview of overall national policies and master plan on drug control and prevention

Myanmar has the vision for total elimination of cultivation, production and abuse of narcotics within the whole of the country by the years 2014. Myanmar has laid down two strategies for the total elimination of narcotic drugs. They are to designate drug abuse control as a national

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PRECURSOR CHEMICALS (in litres)</th>
<th>EPHEDRINE (kgs)</th>
<th>ICE (kgs)</th>
<th>ECSTASY (tablet)</th>
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<tr>
<td>1997</td>
<td>789545.67</td>
<td>2420.02</td>
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<td>1998</td>
<td>92859.16</td>
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<td>1999</td>
<td>58638.38</td>
<td>6485.16</td>
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<td>2000</td>
<td>89184.65</td>
<td>2670.31</td>
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<td>2001</td>
<td>186509.58</td>
<td>3922.17</td>
<td>518.00</td>
<td>52</td>
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<td>2002</td>
<td>29393.71</td>
<td>1723.54</td>
<td>415.20</td>
<td>-</td>
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<td>2003</td>
<td>39466.08</td>
<td>307.94</td>
<td>102.00</td>
<td>-</td>
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<td>2004</td>
<td>17971.07</td>
<td>182.65</td>
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<td>5</td>
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<td>2005</td>
<td>17018.50</td>
<td>325.09</td>
<td>280.32</td>
<td>5807</td>
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<tr>
<td>2006</td>
<td>15418.23</td>
<td>1288.04</td>
<td>3.22</td>
<td>67</td>
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<tr>
<td>2007</td>
<td>10810.42</td>
<td>530.02</td>
<td>3.44</td>
<td>2690</td>
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<tr>
<td>2008</td>
<td>9335.45</td>
<td>750.93</td>
<td>15.89</td>
<td>108</td>
</tr>
<tr>
<td>2009 (Up to May)</td>
<td>534.00</td>
<td>132.20</td>
<td>114.00</td>
<td>-</td>
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<tbody>
<tr>
<td>Stimulant (tabs in mils)</td>
<td>5393</td>
<td>5.02</td>
<td>16.02</td>
<td>28.9</td>
<td>26.6</td>
<td>32.4</td>
<td>9.40</td>
<td>4.02</td>
<td>8.37</td>
<td>3.65</td>
<td>19.1</td>
<td>1.66</td>
<td>1.10</td>
<td>4.58</td>
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</table>
duty and to perform this duty with added momentum. Another strategy is to raise the standard of living of the border areas and national races to gradually wipe out the habit of poppy growing. The 15-years Narcotic Elimination Master Plan has been formulated and was implemented starting from 1999-2000 until 2013-2014. The Master Plan will be implemented in three phases; the First 5 year plan is from 1999-2000 to 2003-2004 which covers 22 townships; the Second 5 year plan is from 2004-2005 to 2008-2009 which covers 20 townships; the Third 5 year plan is from 2009-2010 to 2013-2014 which covers 9 townships.

National policies, strategies and current programmes and projects for illicit crop reduction and sustainable alternative development

Myanmar has laid down three tactics for total elimination of narcotic drugs and they are supply elimination, demand elimination and law enforcement. Three methodologies have been laid down for total elimination of narcotic drugs in Myanmar. They are for the producer and abuse of narcotic drugs to enlighten their belief, conviction and their psychological make-up for the better; for easy accessibility and communication between those national races in the highlands and those at various other places; to develop the socio economic conditions of the national races and border areas. The approaches for sustaining illicit crop reduction and integration of alternative development are the elimination of cultivation and production of opium poppy; the elimination of the abuse of narcotic drugs; enforcement; and organization of development-oriented rural enterprises. In Myanmar, the Government has launched the alternative development programmes in the border areas (10) years in advance of National Drug Elimination Plan. The Government has been combating the elimination of narcotic drugs as a national concern.

Myanmar became a state party to the Single Convention on Narcotic Drugs 1961 as of 29th July, 1963. In 1974, the government enacted the Narcotic Dangerous Drugs Law to provide a broad legal framework and the Central Committee for Drug Abuse Control (CCDAC) was constituted in 1975 with the Minister for Home Affairs as Chairman. At present, the Minister for the Progress of Border Areas and National Races and Development Affairs and the Minister for Foreign Affairs act as Vice Chairmen and the Deputy Ministers from relevant line Ministries act as members. The Director General of the Myanmar Police Force is the Secretary of the Committee.

A new law, the Narcotic Drugs and Psychotropic Substances Law, which was enacted on 27 January 1993 further, strengthened the legal framework. This new law not only provides for the destruction of narcotic crops and seizure of equipment, but also prescribes stiff penalties for laundering of the proceeds derived from the sale of illicit drugs and psychotropic substances. Furthermore, the new law provides for the execution of a bond for good behaviour with regard to habitual offenders and notorious persons. Also, an offender is liable to maximum punishment provided for any subsequent offence after a prior conviction for the same offence. Moreover, the new drug law allows for the death penalty to be
imposed upon drug violations under certain circumstances. Drug addicts are required to register themselves with state institutions and receive medical treatment and rehabilitation. To be in line with the 1993 Narcotic Drugs and Psychotropic Substances law and for effective implementation, the rules relating to the Supervision of Controlled Precursor Chemicals was enacted on 1 July 2004.

The Control of Money Laundering Law was promulgated on 17 June, 2002 to be in line with the 1988 UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances and UN Convention against Transnational Organized Crime. The Rules for Control of Money Laundering Law was enacted on 5 December, 2003. For the more effective measures the Law Amending the Control of Money Laundering Law was enacted on 2 November, 2004.

The Mutual Assistance in Criminal Matters Law was enacted on 28 April, 2004 and Mutual Assistance in Criminal Matters Rules was enacted on 14 October, 2004.


Since the ethnic armed groups came into legal fold, the state has established the Central and Work Committees for the Development of Border Areas and National Races. To foster the development programme the state has also established the Ministry for Progress of Border Areas and National Races and Development Affairs on 30th January 1994. This Ministry is responsible for not only the development matters but also implement the alternative development scheme where poppy cultivation is eradicated. In the past, the strategy was to focus mainly on the destruction of poppy fields. However, in 1988 the Government of the Union of Myanmar launched a new approach aimed at the social and economic development of national races in the border areas. The key concept in the new approach is the alleviation of poverty by providing alternative income to the local populace. Since 1989, 17 insurgent groups have returned to the legal fold and unprecedented peace, law and order have prevailed in the country.

In order to promote socio-economic status of the national brethren, the Government has constructed the roads and bridges which are vital and regarding as top priority. Already 4007 miles of earth road, 2805 miles of gravel road were built, including 98 big bridges, 1154 small bridges and 55 suspension bridges. There were not many access roads in the past which led to lag far behind in development. Then the other components such as education, primary health care, establishing of agricultural and livestock breeding farms for income generation, installation of TV relay stations, posts and telegraph, dams and reservoirs have been implemented in the Border Areas.

The national races living in far-flung border areas are also committed to eradicate poppy and substitute crops and livestock. Dramatically those people are growing perennial trees and other cash crops in the mountainous areas. Among them Kokang
nationals are growing maize, sugarcane, beans and pulses, buckwheat, cashew nuts, cabbages, watermelon, high yield variety rice, potato and so on. Adding to the agriculture, they also raised poultry farming and pig breeding extensively. Wa nationals in Eastern Shan State has also grown 500,000 rubber trees, longan, lichee, coffee, tea trees, sugarcane, corn, pulses and beans in their area. In Loi San Saw area which is close to Thai border 240,000 longan trees, 50,000 citrus oranges, 2,000 pamelo and thousands of coffee plants have been planted.

Substitute crop cultivations are being implemented by establishing 71 Agriculture Education Stations and appointing 245 staff who already conducted 35 training courses attended by 62255 trainees. Forty eight male wiener piglets and 50 female piglets were distributed to local livestock farmers by pig feeding farms from Youth Rehabilitation Center, at Phekone Township, Southern Shan State. Twenty breeding boars and sows were supported to Payakone and Haungthayaw. Livestock Breeding and Veterinary Department conducted training courses on livestock breeding at Youth Rehabilitation Centers, Shwepyitha and Shwepyiaye. 10 wiener pigs are transferred to this center for the upgrading of local breeds by livestock Breeding and Veterinary Department.

CCDAC has also carried out drug education programmes among the public in cooperation with other work groups on the occasion of significant gazetted holiday such as the Independence days such as the United Nations Day, the World Food Day, the World Environmental Protection Day, the World Population Day and the International Day against Drug Abuse and Illicit Trafficking; and on the occasion of students sports events, fun fairs and other exhibitions.

The Ministry of Education takes the main responsibility to conduct school drug prevention programmes and has incorporated drug abuse prevention messages in its school curricula, starting as early as from the primary school. The sector for the educating students and youth against the dangers of narcotic drugs organize exhibitions, lectures and discussions every year for teachers at the Teacher’s Training Institute. Paintings, cartoons, posters, postcards, poems, articles, essays, wall posters and slogans competitions are held at township, state and division levels throughout the country every year, especially in the month of June, to observe the International Day against Drug Abuse and Illicit Trafficking. Competitions, talks and discussions on preventive education topics are also organized at Basic Education Schools to enhance the awareness of narcotic drugs. The Preventive Education Committee has been formed in every school. The Training Courses on Preventive Education for teachers are conducted.

There are 26 major drug treatment centers and 40 minor drug treatment centers with a combined daily bed capacity of about 250 and a yearly capacity of about 2000. There are 8 rehabilitation centers under the Social Welfare Department for ex-addicts.

In collaboration with UNODC, Myanmar has been implementing the alternative development project in Eastern Shan State particularly in Southern Wa region. It is the continuous programme since 1996 in the region. The villagers in the selected project areas were earning their
livelihood by growing opium poppies due to shortage of rice for 4 to 6 months in a year. The drug dealers encouraged the farmers to cultivate opium poppy, but the poppy farmers did not benefit much from the business. When the Government and the Wa authorities fostered cease-fire and facilitated the return into legal fold in 1989, drug elimination measures have been laid down since then.

The Wa Alternative Development Project has implemented the following measures:

a. Construction of project headquarter complex and accommodation for the staff;

b. Safe drinking water for 28 villages of Mong Pauk and Mong Phyen.

c. Construction of a middle school in Ho-tao and four primary schools;

d. Setting up of power line of 24.4 km between Pan San and Mong Pauk for electrification;

e. Distribution of 125 piglets to the villagers;

f. Electrification of Nam Lwe Catchments area by setting up of power line between Mong Phyen and Wanli villages;

g. Panlin diversion weir was constructed in Mongkar area;

h. Constructed 5.8 km long canal in Mongkar assisted by the Japanese Human Security Fund;

i. The 25-bedded hospital has been constructed in Mong Pauk and opened on 9th May, 2002 under the Japanese Grassroots Grant Aid;

j. Distributed substitute crop seeds of rice, pulses, spilt pea, wheat, mustard, soybean, buckwheat, potato, cotton to the farmers.

The Government has implemented the Border Areas Development Programme since 1989. This Development Programme fulfilled the socio-economic infrastructure and human resources development priorities. The Government has already spent over 265 billion kyats for the development programme in border areas and 84% of the budget was spent within the Drug Elimination Areas as of 31st May 2009.

The strategies for alternative development of the Ministry of Agriculture and Irrigation are development of new agriculture land, provision of sufficient irrigation water, provision and supporting for agricultural mechanization, application of modern agro-technologies, and development and utilization of modern varieties.

Moreover, Myanmar Government has aimed to fulfill the needs of its people and designated 10 main crops such as paddy, maize, groundnut, sunflower, sesame, green pea, mung bean, pigeon pea, cotton and sugarcane. The yield of these 10 main crops are 100 baskets/acre for rice, 80 baskets/acre for maize, 50 baskets/acre for groundnut, 50 baskets/acre for sunflower, 20 baskets/acre for sesame, 20 baskets/acre for green pea, 20 baskets/acre for mung pea, 25 baskets/acre for pigeon pea, 400 viss/acre for cotton and 30 ton/acre for sugarcane.
International, regional and bilateral cooperation on alternative development and illicit crop elimination

Alternative development is very important for the drug elimination. Myanmar is launching alternative development programmes in collaboration with international, regional and bilateral organizations. Progress of Border Areas and National Races Department has been cooperating with United Nations Office on Drugs and Crime since 1994. Progress of Border Areas and National Races Department is also working with Japan International Cooperation Agency since 1995. Buckwheat was first introduced by Japan to substitute opium poppy in 1997. Although cultivation has some success, the project faced the marketing problems. The transportation charges were quite high and unable to compete with Chinese buckwheat in the international market. Myanmar tried to look for domestic market and with the cooperation of private companies like Shwe Kyee and Shwe Yee which produced buckwheat biscuits and alcohol.

Cooperation with UN Agencies

United Nations Office on Drugs and Crime (UNODC)

*Drug Control and Development Project (AD/RAS/96/C-25)*

Project area:
Around Wan Ho Tao

UNODC Contribution:
US$ 15,754,016

Government Contribution:
K 28,358,000

Project Activities:
Alternative Development

Duration:
1998 – 2008

Measures Taken:
- 4 Project Office buildings
- 1 Middle school in Hotao
- 4 Primary schools in Tongpha, Kyaingkham, Nammaunthaing and Panlin
- 24.4 km electric line between Pangsang and Mong Pawk
- 30 km earth work between Mong Pawk and Mong Kar
- 11.8 km electric line between Mong Phyan and Wan Li and 6 Transformers
- Mong Pawk Hospital funded by Japan’s Grass root Grant Assistance (JGGA)
- Mong Kar canal funded by (JGGA)
- 1000 Acres land development
- Wein Sun dam

United Nations World Food Programme (WFP)

*Protracted Relief and Recovery Operation (PRRO)*

Project area:
Shan, Chin, Rakhine, Kachin States and Magway Division

WFP Contribution:
US$ 51,739,679

Distribution of Rice:
114,315 metric tons

Project Activities:
Food for Work, Food for Training, Food for Education, Mother and Child Nutrition
(MCN) Support, Early Childhood Development (ECD) Programme

Duration:
January 2007 to December 2009

Measures Taken:
- Food for Work distribution: 19301 ton
- Food for Training: 826 ton
- Food for Education: 17763 ton
- Protracted Relief: 8547 ton
- MCN/ECD: 1143 ton
- HIV/TB: 1992 ton
  Total 49372 ton

United Nations Development Programme (UNDP)

Community Development for Remote Townships Project (HDI Phase IV) (MYA/99/009)

Project area:
Myitkyina, Waingmaw, Putao, Machanbaw, Tanaing, Mansi, Moemauk, Tiddim, Thantalang, Haka, Falam, Tunzan, Mintut, Matupi, Kanpalet, Myauk-U, Minbya, Kyauktaw, Paletwa, Yathedaung, Buthedaung, Maungtaw, Pha-An, Kyaikhto, Kyaikmayaw and Belin Townships

UNDP Contribution:
US$ 35,267,080

Project Activities:
Infrastructure Development, Agriculture, Water Supply, Fly-proof Latrine, Income Generation

Duration:
2002 to 2005

Extension:
2006 to 2010

Measures Taken:
- School Construction 371 Nos.
- School Renovation 335 Nos.
- Rural Health Centre 102 Nos.
- Paddy Cultivation 1048 Acres
- Winter Crops Cultivation 4237 Acres
- Construction/Renovation of Dam 14 Nos.
- Gravity Flow System 296 Nos.
- Fish culturing demonstration pond 7 Nos.
- Fish pond establishment 1670 Nos.
- Model Farm for Livestock 234 Nos.
- Rural Bridges 524 Nos.
- Jetty 33 Nos.
- Small scale Hydro power 11 Nos.

United Nations High Commissioner for Refugees (UNHCR)

Quick Impact Micro Projects

Project Area:
Kyaikmayaw, Mawlamyaine, Mudon, Thanpyyuzayat, Thahton, Hlaingbwe, Pha-An, Kawtkareik, Thandaung, Kyarinseikkyi, Dawae, Myeik, Launglon, Thayatchaung and Yephyu Townships

UNHCR Contribution:
US$ 3,150,000

Project Activities:
Education, Health and Water Supply

Duration:
20th August 2007 to 19th August 2009

Measures Taken:
- Education Components 22 Nos.
- Health Components 20 Nos.
- Water Supply 90 Nos.
Bilateral Cooperation

The following bilateral cooperation projects have been implemented:

People’s Republic of China

Myanmar has bilateral cooperation activities with People’s Republic of China to reduce illicit cultivation of opium poppy in the Kokang Special Region No. 1. Under this cooperation programme, China provided 300,000 Yuan to implement the Opium Substitute Crops Programme from July 2002 to April 2003. The project provided over 10,000 kg. of agricultural inputs of high yield seeds, agriculture trainings to farmers.

People’s Republic of China provided 5 million Yuan to implement the Opium Substitute Crops Programme in order to reduce illicit cultivation in the Kokang Special Region No. 1. The project provided agricultural inputs of high yield seeds of paddy, maize, seedlings of sugarcane and 90,000 tea seedlings, fertilizers, agriculture trainings and medicines to treat malaria.

People’s Republic of China provided 10,000 metric tons of rice to the ex-poppy farmers who are residing at the Myanmar-China border areas such as Kokang Special Region No. 1, Wa Special Region No. 2, Mong Lar Special Region No. 4, Kachin Special Region No. 1, Kachin Special Region No. 2 and Muse Area from September 2006 to April 2007.

Action Plan of Crop Substitution and Alternative Development under the Framework of Cooperative Agreement on Ban of Illegal Transportation and Abuse of Narcotic Drugs and Psychotropic Substances between Governments of the People’s Republic of China and the Union of Myanmar was signed on 20th November 2007.

People’s Republic of China provided 10,000 metric tons of rice as the second time to the ex-poppy farmers who are residing at the Myanmar-China border areas such as Kokang Special Region No. 1, Wa Special Region No. 2, Mong Lar Special Region No. 4, Kachin Special Region No. 1, Kachin Special Region No. 2 and Muse Area from June to October 2008.

Thailand

The Yong Kha Village Alternative Development Project from 2002 to 2004 was implemented in cooperation with Thailand. Bilateral discussions are under way to formulate and implement a new alternative development project in the Southern Shan State.

Thailand donated 1,000 metric tons of rice through WFP in March 2005 under the WFP’s EMOP Phase – I.

Japan

Japanese Government provided 1 billion Yen in 1995 under the Project for Increase of Food Production in Border Areas (KR II) Programme. The project provided agricultural inputs of tractors and fertilizers.

Japanese Government also provided 800 million Yen in 1998 under the Increase of Food Production in the Border Areas 2KR Programme. The project also provided agricultural inputs of tractors, fertilizer and 4 bulldozers to construct feeder roads.
Japanese Government provided 584 million Yen for the Project for Improvement of the Road Construction Equipment for Kokang Region in Northern Shan State and 216 million Yen for the Project for Electrification of Kokang Region in Northern Shan State under the Official Development Assistance (ODA). The Ceremony for the Completion of the Project for Improvement of the Road Construction Equipment for Kokang Region was held on 6th December 2002 and the Ceremony of the Completion of the Project for Electrification was held on 7th February 2003.

The Technical Cooperation Project for Eradication of Opium Poppy Cultivation and Poverty Reduction in Kokang Special Region No. 1 has been implemented with US$ 3.546 million from 2005 to 2009 in five sectors such as agriculture, education, health, infrastructure and livelihood improvement. Measures taken are as follows:

- Distribution of Fertilizer 24000 bags
- Distribution of bed nets 24100 Nos.
- Seed distribution 45 ton.
- Upgrading Tarshwetan-Konegyan Road 43 km.
- Model farm 2 Nos.
- Distribution of tea seedling 900000 seedlings
- Agricultural Training 4 times
- Distribution of piglet 460 piglets
- Distribution of goat 179 goats
- Distribution of Cow 6 cows
- Distribution of buffalo 42 buffalos
- Water Supply 7 villages
- School Construction 4 schools

Cooperation with International Non-Governmental Organizations (NGO’s)

Progress of Border Areas and National Races Department has been cooperating with the following Agencies for the implementation of alternative development projects:

Malteser International

Prevention and Control of Sexually Transmitted Diseases and HIV/AIDS and Integrated Health/Water/Sanitation Programme

Project Area:
Mang Pauk, Wein Kao, Mong Maw, Pang San, Liang Haw, Klawng Pa, Man Tun, Nar Wi of Wa Region and Mong La, Keng Tong of Eastern Shan State.

Malteser Contribution:
US$ 1,410,000

Project Activities:
Primary health care

Duration:
1st Nov. 2007 to 31st Oct. 2010

Measures Taken:
- Distribution of condom 154354 Nos.

Welthungerhilfe (WHH)

Improved Food and Livelihood Security in Former Poppy Growing Areas

Project area:
Lashio, Theinni, Kuttkhai, Manmansaing, Kamka, Namtu, Muse, Naunkhit Townships and Wa Region

Whh Contribution:
US$ 1,608,000
Project Activities:
School Construction, Water Supply, Agriculture, Livestock breeding, Rice bank, Trainings

Duration:
August 2006 to July 2009

Measures Taken:
- Water supply 24 Nos.
- School construction 9 Nos.
- Community meeting hall 13 Nos.

Aide Medicale Internationale (AMI)

Support of Primary Health Care System in Northeastern Shan State

Project area:
Mong Lar Region
AMI Contribution:
US$ 1,975,000

Project Activities:
Primary health care

Duration:
August 2007 to July 2010

Measures Taken:
- Border Clinic 10 Nos.
- Educational talks on HIV/AIDS 726 Nos.
- Primary health care for mothers 610 Nos.

World Vision (WV)

Community Based Rural Area Development Programme

Project Area:
Pha-An, Hlaing Bwe Townships of Kayin State, Kokang Special Region (1) of Northern Shan State

World Vision Contribution:
US$ 1,690,000

Project Activities:
Primary health care, Community capacity building, Agriculture, Water andSanitation, Child Protection and Development

Duration:
October 2007 to September 2010

Measures Taken:
- Educational talks on HIV/AIDS 726 Nos.
- Primary health care for mothers 610 Nos.

Nippon Foundation (NF)

Education for Peace and Development Project (Phase – II)

Project Area:
Northern and Southern Shan State

NF Contribution:
US$ 3,000,000

Project Activities:
School Construction

Duration:
May 2007 to May 2012

Measures Taken:
- School Construction 3 Nos.

Association of Medical Doctors of Asia (AMDA)

Primary Health Care Project

Project Area:
Kokang Region

AMDA Contribution:
US$ 400,000
Project Activities:
Primary health care

Duration:
9th February 2007 to 8th February 2009

Measures Taken:
- Distribution of medicine 133500 persons
- Community Centre 2 Nos.

Terra People Association (TPA)

Creation of Symbiotic Society (Phase – II)

Project Area:
Southern Shan State

TPA Contribution:
US$ 544,040

Project Activities:
Agriculture, Livestock breeding

Duration:
April 2007 to March 2010

Measures Taken:
- Agricultural Training 52 times
- School construction 3 Nos.
- Small scale hydro power 1 No.

Central Committee for Drug Abuse Control cooperated with UNFDAC from 1976 to 1988 with the fund of 74.9 million under the Drug Abuse Control Programme. Moreover, Myanmar has been actively engaged in sub-regional cooperation in drug abuse control with China, Cambodia, Laos, Thailand and Vietnam with technical and financial assistance from UNODC signing Memorandum of Understanding. UNODC developed sub-regional action plan on drug control. Moreover, UNODC is implementing Illicit Crop Monitoring Programme, Reducing Injecting Drug Use and Its Harmful Consequences Project and HIV Prevention for Police Force in Myanmar Project in cooperation with UNODC.


Moreover, Myanmar-China Cross Border Law Enforcement Cooperation meetings have been conducted alternately since 2001. The last meeting was held at Nay Pyi Taw on 7 January 2008. The first cross border meeting focusing on law enforcement cooperation between the two countries was conducted on 9th and 10th April 1998. Up to date there have been already 12 meetings hosted alternately between Myanmar and Thailand, the last meeting was held in Nay Pyi Taw on 17th and 18th December 2007. Moreover, the agreement on drug control cooperation between Myanmar and India was signed on 30th March 1993 and cross border drug law enforcement meetings have been conducted alternately on a bi-annual basis. The 5th Senior Officials meeting was held on 17th and 18th February 2004 in Kolkata, India.

Myanmar, in conjunction with the United States of America, conducted opium yield
surveys in 1993, 1995, 1997, 1998, 1999, 2000, 2001, 2002, 2003 and 2004 in the Shan State. The US-Myanmar joint opium yield surveys reported in 1996 an estimate of 163,110 hectares of cultivation and a production of 2,560 metric tons. Within a short period of 7 years, cultivation dropped sharply to 77,700 hectares with a potential production of 630 metric tons in 2002. The opium yield survey in 2003 also indicated the 47,130 hectares of opium cultivation and estimated a potential production of 484 tons, a decrease of 39%. The results of the 2004 survey from the CNC Opium Yield Survey team shows that the total area of cultivation was 30888 hectares, a reduction of 34% from last year and the potential production was 292 metric tons, a reduction of 39% from last year’s season.

The ground surveys undertaken through the Joint Myanmar-United Nations Office of Drugs and Crime (UNODC) Illicit Crop Monitoring Programme also indicate a decline in poppy cultivation and opium production due to these preemptive measures taken such as crop substitution, search and raid of clandestine refineries, interdiction of illicit traffic and annual eradication programmes. The survey of 2001 reported an estimate of 105,000 hectares of poppy cultivation areas that can potentially produce 1097 tons of opium where as in 2002, the estimate area of cultivation dropped to 81,400 hectares with a potential production estimated at 828 tons. This comparison showed a 28% decline. The survey, carried out in 2003 reported an estimate of 62,200 hectares of cultivated areas with a potential production of 810 tons of opium resulting in a further decline of 24%. According to the estimation of UNODC, 2004 survey also resulted that total area of cultivation was 44,200 hectare, a reduction of 29% from last year and the potential production was 370 metric tons, a reduction of 54% from last year. Opium Survey 2005 report shows that 32,800 hectares of cultivation in a further decline of 26% with a potential production of 312 tons of opium resulting in a further decline of 16% in 2005. Opium Survey 2006 report shows that 21,500 hectares of cultivation in a further decline of 34% with a potential production of 315 tons of opium resulting in a increase of 1% in 2006. Opium survey 2007 report shows that 27700 hectares in cultivation, 460 metric tons in production, 16.6 Kg/hectare in yield slightly increased than 2006 up to 29% in cultivation, 46% in production and 14% in yield.

**Highlights of good practices, experiences and lessons learned to be shared with counterparts in Latin America**

Opium free zones were established in Monglar, Kokang and Wa Regions. Over the past 10 years, the ex-poppy farmers have little chance to be able to adjust appropriately to a poppy free life. The ex-poppy farmers are facing with food insecurity, malnutrition, contagious diseases and economic exploitation. International cooperation is essential for the sustainability of opium free zones.

UNODC pointed out the need to look at things in these situations from a basic human needs perspective outlining the need for a three-step approach and conducting such a programme within the framework of wide partnerships.

- An emergency phase where direct relief efforts would include provision of food followed by;
A second phase which would deal with generating basic food security before finally moving into;

Phase three which would graduate to more alternative development within a food secure environment where households would be assisted in developing more economic activities that would supplement the food security that already exists.

As the families of the ex-poppy farmers sell assets to cope with the loss of income and to pay dept, malnutrition is likely to follow. Some of the Wa communities have been resettled from their mountainous highlands to the lowlands in search of substitute livelihoods. They have to adapt to new living conditions and are exposed to malaria which is more prevalent in the lower lying areas.

When the ban on opium poppy cultivation was enforced for Wa Region in 2005, most of the people met with food security problems and to meet their basic human needs and they have had to look for alternative sources of income. In the meantime, these people rely on emergency assistance to overcome their economic dislocations. The farmers are suffering from the lack of rapidly available alternative strategies. Sound income generating alternative measures are needed to sustain the reduction of opium poppy cultivation and production.

Opium poppy cultivation led to opium addiction in the Wa Region. Opium addiction of family members estimates up to 4 percent of the Wa population. Addiction reduces family productivity most of the heads of the households are the addicts and women and children are forced to take on additional work. Through drug demand reduction activities we can decrease the number of addicts and help them to their productive way of life. Intravenous drug use is a primary mode of HIV transmission in Myanmar at large and in the Wa Region, the problem remains largely confined to Commercial Sex Workers (CSWs). We need to actively improve public health conditions and awareness raising about drugs and HIV/AIDS in the region.

The international community has been welcoming and hailing the decline in opium production in Myanmar but the ex-poppy farmers are facing with grave effects if the problems associated with it are left unaddressed. The current challenges of the Wa Region are isolation, poverty, lack of markets, lack of quality and high yield varieties of seed for crop production, lack of agriculture inputs such as seeds, fertilizers and farm equipment, land access and ownership and rudimentary infrastructure. The holistic approach to a more sustainable alternative development is urgently in need.

Alternative Development products are agricultural products and non-agricultural products. Access roads to the border areas are not in good shape, it is difficult to bring down the Alternative Development products to the sustainable markets in the country. Therefore, AD products must be exported to neighbouring countries. Sustainable markets for the AD products are needed to foster the livelihoods of the ex-poppy farmers. Micro credit schemes or revolving funds in the AD projects are needed to help the ex-poppy farmers. These schemes will foster employment and income generating activities.
Infrastructure development, health and education sectors and integrated rural development endeavours must be implemented. Moreover, capacity building trainings, study visits are needed to open up the mind of the local nationals so that they can adapt good practices and to avoid overlapping of activities and to save financial resources.

Finding means and ways to add value to AD products for more benefits of the ex-poppy farmers. Beside this, post harvest technologies, grading and packaging are also essential for the successful marketing of AD products. It is well known that local wisdom plays a vital role in the community based income generation and food processing schemes.

Recommendations for future development and implementation of alternative development and illicit crop elimination programmes and international collaboration under South-South cooperation emergency and pre-emergency aids are needed to sustain opium free zones and prevent humanitarian crisis. The following three major interventions are urgently in need:

- to provide food;
- to provide training and income generation opportunities;
- to provide other assistances needed to keep the communities viable.

For alternative development, ex-poppy farmers’ food security must be improved through alternative income generating programmes and alternative livelihoods must be set up with micro finance and micro credit schemes. The need for more immediate integrated livelihood programmes needs to be emphasized. Alternate sources of income through forest produce, manufacturing handicrafts and textiles and other agricultural activities will help improve farmers’ livelihoods and access to basic needs. This is urgent as basic security, health care and education require immediate access to cash. Strengthening the existing infrastructure by improving water supply structure is also important. Water infrastructure for both domestic and agriculture purposes should be fortified so that farmer can grow alternative crops throughout the year. External assistance is urgently needed to help construct and maintain these structures. The utmost importance is the community’s capacity to build and sustain these initiatives by themselves. We need to foster the capacity building by which the communities empower and prepare themselves for the future.

If alternate means of acquiring income are not provided, women and children may become more vulnerable to trafficking as a consequence of poor information and awareness among the “at risk” population and also to the scarcity work opportunities and economic hardships. International cooperation on the control precursor chemicals is needed to contain the ATS production in the border areas.

Seminars and study visits on alternative development should be conducted more and more to share good experiences and practices between Southeast Asian countries and Latin American countries. Future interventions should be discussed to sustain opium elimination. It needs to mainstream counter narcotics objectives and to analyse wider national and regional development plans and programmes. It also needs to implement long-term projects
and programmes to be able to address the poverty issue and foster the livelihood of ex-poppy farmers at the availability of donors.

Trust between project staff and local populace is essential for the success of AD projects. To add value to AD products is important to increase the income of ex-poppy farmers with market driven approaches. Successor projects must be planned for continuation and sustainability of the achieved tangible results. Maintaining the security, peace and tranquility of the project areas must be fostered to sustain the achievements of the project. As management plays a vital role for the success of the AD projects, capacity building trainings such as project design and management must be pursued. Besides this, international cooperation is essential for the sustainability of opium free zones.

**Conclusion**

In conclusion, Myanmar has been carrying out the enormous task of eliminating the scourge of narcotic drugs on mankind relying mainly on her own resources. Although Myanmar has limited resources, Myanmar is committed and dedicated to carry out through the task of totally eradicating this national and international scourge by 2014 and so that it will become a drug-free ASEAN Region by 2015.
4. Thailand’s Royal Project: Towards Sustainable Highland Development

Background

In the late 1960’s, the mountainous upper north of Thailand was plagued with poverty, deforestation and opium production. The hill tribe people lived in terrible poverty. Traditionally, all of the hill tribes practiced a version of what is called ‘slash-and-burn’ cultivation. This is a system for farming sloping land in which trees are cut down and then burned, so that the land, fertilized by the ash from the burned trees, can be farmed. One of the crops produced by ‘slash-and-burn’ agriculture is the opium poppy, which is the source of heroin. By 1966 the hill tribe people in northern Thailand were thought to be producing more than 150 tones of opium every year.

The problem was solved in 1969, when the King Bhumibol learned of an opium-growing hill tribe village called Doi Pui in Chiang Mai. King Bhumibol learned that the opium farmers were also growing a kind of peach that earned them more income than the opium poppy. This was possible for two reasons. First, because the peach is a temperate fruit that cannot be grown in the lowlands, and therefore gets a very good price when taken to the lowlands and sold. Second, as the King realized, very little of the profits that are earned in the opium and heroin business are made by the farmer – most of the profits are captured by various ‘middle men’, like the traffickers and wholesalers. The discovery of the peach trees at Doi Pui mountain leads to the concept for the Royal Project Foundation.

Growing peach trees instead of opium and their other highland crops would stop them from using the ‘slash-and-burn’ method and would even lead to them replacing trees that had been removed from the highlands. Growing peach trees instead of opium would actually increase the income of the opium farmers, especially if the size and quality of the peaches could be improved. A final advantage would be that families would stop moving around, looking for new swidden fields: they would stay near their peach orchards, allowing the farmers to build better settlements. The problem of poverty, deforestation and opium could be solved at the same time.

By 2008, the Royal Project Foundation supported more than 154,002 people of 31,154 families, 358 villages living in the highlands, through its 38 development centres located in 5 provinces of northern Thailand; Chiang Mai, Chiang Rai, Mae
Hongson, Pha Yao and Lamphun. Each Development Centre had a demonstration farm, to allow farmers to study and be trained in new farming methods developed by the researchers. It had a food storage and collection area, and small offices and meeting rooms. These Centres also allowed the various agencies working in the surrounding area, such as the Department of Irrigation, Royal Forestry Department and the various research organizations to get together and coordinate their activities.

Development Model

The Royal Project Foundation development process comprises five interlinking circles, something like the emblem of the Olympic Games. The first circle is “land-use planning”, starting with a survey of the soil and water available in the area. Soil which was infertile, too thin or lying on very steep surfaces would be allocated to replanting forest, while more fertile land would be allocated to farming. The second circle is “reforestation and soil conservation”. In this circle, areas unsuitable for farming would be reforested and in the remaining areas special systems would be set up to help to control erosion.

The third circle is “research extension”, meaning the introduction of new crops to farmers. Farmers would be given training in planting, harvesting and caring for the new crops that had been developed by the researchers. Provision of education and health are included in this circle. The next is “post-harvest process”, which is the handling, cleaning, packing and storing of food grown in the development area. The final circle is “communication”, which is, mainly, building roads.

Key Programmes

Research

Crops Selection and Cultivation Practices

As the King put it in 1969, “Since we are venturing into the unknown, we must conduct research to find the answer”. He was right - the Royal Project Foundation was expecting to develop entirely new crops that are not native to the highland environment, and the introduction of even
one non-native crop is a difficult thing to achieve. Crops do not always grow as well as expected because of subtle differences in climate and soil types. Moreover, non-native species tend to be particularly vulnerable to diseases and pests.

The process begins with a determination of the agriculturally desirable properties of the crop being tested. Obviously, yield is almost universally desirable, but it is too coarse a variable to manage well: it is the outcome of many other variables which themselves need to be managed. So the scientists will make a finer determination of desired properties. The crop is then grown under test conditions called factorial design, where the possible growing conditions are investigated exhaustively. Another kind is varietal improvement, meaning, producing varieties of crops that have better growth characteristics than existing ones.

Agronomic studies are a cross between cultivability research and economic research. Their objective is not only to determine whether a crop can be grown, but whether it can be grown profitably. For highland development, and especially for drug-crop replacement programmes, this is of paramount importance. The income available from drug-crops creates a hurdle that new crops need to clear, or at least measure up to reasonably well. Crops that fall far may not be taken up by farmers, however well they grow, so this has to be estimated right from the beginning.

The research programmes have collectively yielded around more than 225 crops and 386 varieties to the hill tribe farmers in its development areas. Here is a selection of the crops extended to Royal Project Foundation farmers:

- **Fruit**: Grape, Kiwi, Papaya, Passion fruit, Peach, Persimmon, Plum, Pear, Raspberry, Strawberry
- **Vegetables**: Artichoke, Beetroot, Broccoli, Cabbage, Celery, Cucumber, Lettuce, Spinach, Pumpkin, Peppers, Turnip and Zucchini
- **Flowers**: Amarylis, Aster, Bird of Paradise, Calla Lilly, Chrysanthemum, Helicona, Gerbera, Liatris, Philaenopsis, Queen Protea, Ruscus
- **Herbs**: Angelica, Chamomile, Dill, Lavender, Italian Parsley, Mint, Oregano, Rosemary, Sage, Thyme, Taragon
- **Cereals and Beans**: Azuki Bean, Chick Peas, Corn, Kidney Beans, Linen Seed, Navy Bean, Rice, Sesame, Sorghum, Soybean, Wheat
- **Other crops**: Arabica coffee, Shittake mushrooms, forest products, tea

### Disease and Pest Control

Disease and pest control is also an important element of any highland agricultural research programme. The cost and efficacy of each method has been assessed by the Royal Project Foundation, and its learning has been institutionalized into a Plant Protection Centre, which offers diagnostics of and rapid responses to various and disease problems. The most important recent development is Integrated Pest Management, a system for plant protection which combines chemical, mechanical and ecological methods of crop protection in a systematic way, allowing farmers to reduce their use of pesticides and herbicides.

With this information, the farmer can formulate a multi-pronged strategy for
dealing with them. Many pests can be eliminated by physically removing their nests or destroying their breeding grounds. Some pests can be eliminated by using mulching, although some can use it as a habitat- one example of why careful study is needed. Some pests can be controlled by introducing natural predators, although this also has to be handled with care, in case the predator becomes more of a nuisance than the pest. Farmers are taught to use the agents most effective against particular pests, and spray only at the most vulnerable point of the life cycle of the pest.

**Soil and Water**

Soil and water research concentrates on developing practices and technologies to maintain soil structure, fertility and moisture, and to find the most efficient ways to use irrigation water. In soil conservation, work has tended to focus on the use of soil conservation structures, such as terracing, cropping patterns that preserve soil quality and structure, and the use of Vetiver grass. Terracing has already been discussed- it is the transformation of sloping land into an ascending series of flat areas, like a staircase. This can reduce erosion by around fifty percent, and is highly desirable for farming on sloping land. Some of the most important soil and water conservation research has been on the use of Vetiver grass- a grass with a dense, tough root structure that grows straight down for a length of several metres. Its roots therefore create a natural barrier in the soil that catches runoff (water traveling along the surface of the ground containing minute particles of topsoil). If planted along lines of contour, this accretion of runoff causes natural terracing to form, although it is even more effective if used to reinforce man-made terracing.

**Post Harvest Handling**

Post-harvest process is the process that crops undergo after harvest- the sorting, cleaning, packing and distribution of the crops. Post-harvest process is a series of relatively mundane activities, but they are incredibly important, since more than 50% of the value of a crop is at risk from poor post-harvest process, for example through damage to fruit from poor handling. The importance is obvious, especially in a drug-crop replacement context: if an alternative crop offers 1,500 Baht per rai (1,600 sq.m.) after costs, and opium offers 1,000 baht per rai, farmers have a strong incentive to switch to the alternative crop. But if half of the value of the crop is lost by moving it to market, it yields only 750 baht per rai and opium is to be preferred (because although opium is tedious to grow and labour-intensive to harvest the post-harvest process is simple and cheap).

Research into post-harvest process is as much the domain of the management consultant as it is of the scientist. It involves observing the crop handling process, and trying to find ways to make it more efficient. The Royal Project Foundation is continually finding ways to improve the efficiency of its post-harvest process. However, its research enjoyed a ‘big bang’ in 1989 when the Royal Project Foundation completely redesigned its post-harvest process. Not only did it implement dozens of small changes of the kind mentioned above, but it also designed and installed an impressive infrastructure for food handling, including pre-cooling and cold storage facilities in each development centre, a small fleet of refrigerated trucks, a central packing house in Chiang and a food processing plant, and cold storage in Bangkok.
Development

Agriculture Extension

The process by which farmers are persuaded to adopt the new practices, and trained in them, is called ‘agricultural extension’. The extension starts with the development and maintenance of demonstration plots. These have two purposes: the first is an instructional aid, the second is to persuade farmers to try the new crops. They are not and have never been under any obligation to try the new crops, even when opium was still being grown in the Royal Project Foundation. The new crops were simply presented as an option that the farmers might like to try. Usually, farmers do like to try new crops. All farmers are aware of the risks of production and income versatility, and a new crop that promises to reduce volatility, increase income, or both, will usually be of interest to somebody. Just like everybody else, some hill tribe farmers are risk-seekers, and some are risk-avoiders: a total absence of uptake is highly unlikely.

The Royal Project Foundation directly promotes new crops in a number of ways. Support includes cultural advice and consultation. Training courses will be run, often involving study tours to other development centres or research stations where the crop is being grown successfully. The Royal Project Foundation has many specialists, for example in soil conservation and disease control, who can provide training to farmers. The government agencies that work with the Royal Project Foundation, such as the Department of Agricultural Extension, also provide training. The Highland Research and Development Institute, one of the project’s main partners, has many experts in vegetable production and the techniques needed in certified agricultural production, such as organic production.

Ultimately, the most effective promotion is the profitability of the new crops, combined with the fact that they are not illegal, are less labour-intensive than opium and collectively form a much more stable income base than the poppy does. Generally, once the profitability of a new crop is established there has been no shortage of farmers wanting to try new crops.

Soil and Water Conservation

When a development area is initiated all land is allocated a use. Watershed areas must be left alone unfarmed if they are forested, and replanted if they are degraded. Sloping land not comprising watershed land will generally be farmed with fruit trees, possibly mixed with some other crops. Flatter land will be used for vegetables. Suitable sloping farm land is then prepared for agriculture. The Department of Land Development will install a suitable form of terracing, and reinforce the terracing with Vetiver grass. Currently, more than 12,000 hectares of land had been covered with these kinds of conservation measures. They will also install small irrigation structures like drip-irrigation, while the Department of Irrigation will install large irrigation structures like dams and reservoirs. All of these activities are limited by budgetary constraints, and are therefore ongoing activities. For all that the government has more funds than the Royal Project Foundation, Thailand is still not a rich country and its government sector is relatively small.

The Department of Land Development performs essential maintenance on the terracing, but from this point on the
Farmer has the most important role to play in preserving soil quality and water. In addition to preserving forestry, farmers have to farm carefully so as not to damage their terracing. Carefully planting crops in rows helps to create natural barriers out of the crops’ root structures, like the barriers created by the root structure of Vetiver, but less deep, helping to preserve soil; farmers plant additional Vetiver hedgerows alongside roads, around lakes and waterways which prevent siltation and further erosion; farmers can prepare and apply mulching which retains moisture and returns needed organic matter to the soil; they can use organic matter to make compost, which is an essential supplement for chemical fertilizers; some farmers use the time-honoured practice of crop rotation and leaving fields fallow; some plant clover or other leguminous plants, which have the property of actually returning nitrogen to the soil. In addition, a check-dam is built across a stream or river that slows the flow of water and catches sediment that might otherwise cause problems downstream.

Forestry

With the King Bhumibol’s concept for forest management and the saplings provided by the Forestry project, Royal Project Foundation farmers are able to preserve the forests in three ways: through the continued cultivation of fruit trees, through community forestry management groups, and through the ‘villager wood-lot’ project. First, forest is introduced and maintained by farmers through planting fruit trees such as Peach, Persimmon and Pear tree. Fruit tree cultivation is therefore a major farmer contribution to the preservation of forestry in the Royal Project Foundation. Second, farmers in each village form a community forestry group. They are responsible for preserving existing watershed forest, organizing fire defenses and educating hill tribe youths about the need to preserve tree cover in order to prevent erosion. The final part of the farmer-lead forestry initiatives is the ‘Villager Forest’ project that farmers should be allowed to cut down trees (outside of the watershed area) for timber and for firewood, for domestic use, provided that they replant trees elsewhere.

Education

Currently, all the hill tribe people in the Royal Project development areas have access to primary schools. Either there is a school in any given village, or there is a school within walking distance over reasonable quality roads which children attend. These are operated and entirely funded by the government, meaning that have access to free primary schooling. The curriculum at these schools is the normal Thai curriculum. When one enters one of these schools, one is struck by how normal it is like a lowland school or even like a small village primary school in the developed world.

Most of the schools run what are called ‘extension programmes, which offer limited secondary schooling for the children of all families who wish to take it. However, the Royal Project Foundation also offers a scholarship programme for the most capable children. Currently, this supports 189 young hill tribe people a year. The majority of them study at secondary schools in Chiang Rai, although some young people use scholarships to pursue further and higher education. Some of the wealthier families send their children to study in secondary school without support from the Royal Project Foundation.
Social and community development

The Royal Project Foundation helps to set up many different kinds of community-based organizations. One of the most important of these is Agricultural Cooperatives. Agricultural Cooperatives are intended to improve the economics of the poor rural farmer. The basic functions of agricultural cooperatives are to maintain credit lines to finance the agricultural cycle, and to maintain rice or food banks, so that farmers experiencing downturns in income or food production do not go poor or hungry. More sophisticated cooperatives can go in for collective purchase of agricultural inputs such as fertilizer and seeds, so that they are purchased at a lower price, collective marketing agreements or collaborative operations such as rice-mills. There are agricultural cooperatives in all of the Royal Project development centres.

These functions, especially the basic ones, get straight to the heart of the problems of the poor rural farmer. First, they provide capital. Second, they address volatility by the time-honoured practice of increasing scale. The same principle holds good with farmers: one farmer’s food production may be high, or low; the more farmers included in a group, the more the total food production tends towards what is normal. Thus, by combining some part of their production they can create a reserve against poor fortune.

Health

A group of volunteer doctors and nurses visit each development centre once a month to provide additional medical care. These volunteers all provide additional education about primary health care, family planning, HIV/AIDS and provide screening for breast, ovarian and cervical cancer. The Royal Project Foundation also manages a community-based programme of treatment for drug addiction.

The Royal Project Foundation staff helped the community form several local support groups, including groups for the village leaders, youth and midwives, and to set up a simple process for dealing with addicts. The support groups were taught to understand of the health and social effects of drug abuse, and were trained in the counseling skills needed to give that understanding to others. Addicts would be allowed to detoxify in custody, but then released after 21 days. At this point the help of support groups to prevent returning back to heroin use was given. The groups would provide moral support, health education and career counseling. Career counseling is particularly important, as many people turn to drug use, or relapse, out of simple boredom.

Micro-credit

The Royal Project Foundation has offered credit to farmers from the beginning of its operations, by advancing them seeds, fertilizer and so on. However, this was a flawed system. First, the Royal Project Foundation’s staff are not bankers and do not have the institutional skills to monitor loans and ensure their repayment. Second, many farmers, who had become used to receiving support from the Royal Project Foundation, did not feel compelled to repay. For these two reasons, the rate of defaults on loans was high. The third reason the system was flawed was that this system imposed a huge burden on the
Royal Project Foundation’s cash flow. The problem is actually slightly worse than this, because the population of the Royal Project Foundation has been growing continually since its inception.

The solution was to hand the micro-credit operations to a commercial bank, namely, the Bank of Agriculture and Cooperatives. The Royal Project Foundation staff in each development centre supports farmers’ applications for loans and helps the Bank to ensure repayment, but the majority of the work is done by farmer and bank. The Royal Project Foundation’s micro-credit operations are also integrated into its production planning system. Each year, the marketing department estimates the following year’s market demand for each of the Royal Project crops. That target is divided up amongst the development centres that grow that crop on a proportional basis, and then the Bank of Agriculture and Cooperatives extends enough agricultural credit to purchase seeds and other inputs needed to reach that production target. Farmers are free to grow what they wish and sell it to whomever they wish, but they only receive credit for growing crops in the amount that there is expected market demand.

**Off-farm incomes**

Another of the Royal Project Foundation’s activities is promoting ‘alternative incomes’ referring to incomes from sources other than agriculture, such as tourism, handicraft and other non-farming small businesses. Regarding handicraft, the Royal Project Foundation supported the hill tribe as well as linkage the farmers to services. First, the Bank of Agriculture and Cooperatives, with the support of the development centres, can provide small loans needed to start these businesses. Second, the Royal Project Foundation staff helps to reintroduce fabrication skills that have been lost to some communities due to the rapid development in the hill tribe villages. Third, they teach them basic book-keeping, an important aspect of running any business. The fourth aspect is to help the villagers to improve their marketing.

Promoting tourism can also help to protect hill tribe culture. Supporting tourism services has two aspects—developing services and developing infrastructure. Developing services is a matter of training guides and other staff so that tourists can be made welcome and their needs attended to. Developing infrastructure involves ensuring that practicalities such as signposts and ticket offices are available. Tourists usually require somewhat better toilet facilities than the hill tribe people are used to, and so washrooms and the like must be attended to. Many tribes have sites of religious or spiritual significance like shrines and caves which traditionally play an important part in their lives. By turning them into destinations for sight-seers, the hill tribes can permanently safeguard the area as a place of cultural importance.

**Marketing**

**Strategy**

The first and perhaps most important part of its marketing is clear customer identification. This means choosing who one is going to be selling to. The Royal Project Foundation targets middle-to-high income consumers, mainly in Thailand. The target customer likes to buy higher-quality food, and is also concerned about the use of pesticides and herbicides in
making it. The second part of its marketing strategy is branding. The Royal Project Foundation has a huge advantage in branding terms, at least within Thailand, because of the leadership of the King, who is universally loved, admired and respected. The Royal Project Foundation builds on this, but also aims to include in its brand ideas of high quality or luxury. The third part of the marketing strategy is pricing that should be consistent with the brand and the target customers. The Royal Project Foundation sets its prices relatively high, so again, the marketing strategy is a sound one. The fourth part of the marketing is promotion and advertising. The Royal Project Foundation runs annual expos in Chiang Mai and Bangkok and it benefits from some free advertising generously donated by media companies. The fifth and final part of the strategy is channel strategy. The Royal Project Foundation recognizes four kinds of channels. The first is supermarkets and specialty food stores. The second is ‘industrial markets; which includes hotels, large restaurants, and firms with large catering operations such as Thai Airways International. The third is wholesalers—this is mainly used as a channel for lower-grade vegetables. The final channel is the Royal Project Foundation’s own retail stores— the eleven ‘Royal Project’ stores.

**Post-harvest handling**

The Royal Project Foundation’s marketing division sells good quality produce to demanding customers and so the handling and logistics for the crops that it buys must be of high quality. The process begins with farmers harvesting their own produce and delivering it to a fully-equipped collection centre area using their own transportation (not all the 38 centres are fully equipped, but all are near one that is).

Three aspects of the Royal Project Foundation post-harvest process deserve special comment. These aspects are packing, grading and the cold chain. Choice of packing methods and equipment is a major driver of crop spoilage. Before 1989 most Royal Project Foundation farmers wrapped their produce in banana leaves (opium was traditionally transported the same way) and packed them in cardboard boxes. These did not give adequate protection to the produce and were one of the factors contributing to spoilage occurring between Development Centre and Chiang Mai. One of the many changes made as a result of the study was that all the Development Centres were issued with standard-sized plastic crates and better wrapping material, which reduced spoilage.

Grading is a simple but important activity, involving separating produce into groups according to quality. What counts as high quality varies from crop to crop: in the case of fruit, quality will be measured by size, regularity of shape and colour. It is important because higher quality produce can be sold at a higher price. The third aspect is the cold-chain. This refers to the process by which produce is kept at a low temperature between farm and final market. In the Royal Project Foundation, the cold chain is never broken. The cold chain begins in one of the seven development centers that have been fitted with pre-cooling and cold storage. Produce that must be kept cold is pre-cooled in one of these Development Centres and then put into cold storage. From there it is loaded into refrigerated trucks, and
delivered to the packing centre in Chiang Mai, which is also climate-controlled, and so on, even to the air conditioned ‘Royal Project’ stores. This confers two advantages. Firstly, it extends the shelf-life of perishable produce, and secondly, it allows less perishable produce to be held back in storage for longer periods of time.

**Food Processing**

The Royal Project Foundation’s marketing division owns and operates a small food processing plant, which is located next to the Packing House in Chiang Mai and also a coffee processing plant. The function of the processing plant is to process surplus or low-grade produce into food products like snacks and drinks. The activities of the processing plant include developing and testing new produce, processing existing produce lines and packaging them. Unlike the post-harvest centre, the food processing plant uses simple technology and systems producing just over 100 different products. The product range includes snacks, drinks, preserved food, drinks, nuts, dried herbs, sauces, pastes and preserved food. The range of drinks includes mixed vegetable and fruit juice, ice tea and wine; the range of dried herbs includes peppermint, rosemary and chamomile; all of the buy products are based on macadamia nuts processed in different ways; ‘other dry goods’ includes flour, sesame, wheat germ and muesli; preserved food includes pickled apricots, mushrooms and persimmon; sauces and pastes includes chili paste and pasta sauce. The largest group is snack products, which mainly comprises cookies, crackers or candy. The snacks can be made of almost anything—mushrooms, pumpkin, fruit, kidney beans, herbs and more.

**Achievements**

**Opium Elimination**

Opium is not produced in the Royal Project development areas at all the farmers voluntarily agreed to stop producing opium many years ago. The farmers agreed to stop producing opium because the crops that the Royal Project Foundation had introduced earned them a better income without having to be a criminal, many within four or five years of the Royal Project Foundation’s arrival in a new area. This is a remarkable achievement: when the Royal Project Foundation started Thailand was the world’s third-largest opium producer, and many of the Royal Project’s development centres were opened in major areas of opium production.

The Royal Project Foundation established the model of the development-lead drug crop replacement. Before King Bhumibol visited people living in Doi Pui mountain in Thailand and all over the world thought that opium farmers were criminals and should be dealt with by the army or the police. King Bhumibol realized that opium was grown mainly because farmers were so poor, and that better farming alternatives would get rid of opium without the help of the army or the police. But not only did King Bhumibol realize this, he set out to prove it, through the Royal Project Foundation. By establishing the Royal Project Foundation and getting the support of so many people and organizations in Thailand and the international community, King Bhumibol got national and international acceptance for the idea of getting rid of opium by development. This lead to hundreds of opium replacement projects.
being started in Thailand by international organizations, foreign development organizations and NGOs. Ultimately opium almost completely vanished from Thailand—falling from about 200 tonnes of opium per year in 1970 to just a few tonnes in the early 2000s.

It is widely agreed that Thailand’s programme to replace opium with legal crops is the most successful programme of this kind that the world has ever seen. The approach has been tried in many other countries, including Laos, Myanmar, Vietnam, Pakistan and Afghanistan, and has also been tried as a way of getting rid of coca (the source of the drug cocaine) from Peru, Bolivia and Colombia. In each of these countries there has been some success, but none of them have been able to get farmers to voluntarily reduce their level of drug-growing by so much, while being able to create a new agricultural system that is as strong as the one in northern Thailand. The Royal Project Foundation provided the model for Thailand, and also many of the crops that were used as alternatives to opium, such as Arabica coffee. For this reason the Royal Project Foundation is one of the main reasons for Thailand’s remarkable success.

Poverty Eradication

The farmers in the Royal Project Foundation are far better off than they were before the Royal Project Foundation was established. When the project was established, the majority of families had little or no cash income. Even if they did have a small cash income, their lives were still full of hunger, disease and crippling hard work. The only medicine available to most was opium, and very few went to school, or could read and write. By the year 2008, the average farmer in the Royal Project Foundation had achieved an average income of about 60,000 baht per year (about $1,500), almost double the average highland farmer outside of the Royal Project Foundation and about seventy percent of the average income for a farmer in Thailand. Remembering that the national average includes larger, richer farmers, and the Royal Project Foundation farmers have come from nothing, this is an outstanding achievement. And the hill tribe families also enjoy health care, and schooling for their children.

Although there are many reasons for this excellent increase in the income of families living in the Royal Project areas, one of the main reasons is that the crops introduced by the Royal Project Foundation usually produced much better incomes than opium did. This is because, as King Bhumibol realized, the farmers of opium do not keep much of the profit from producing opium—most of it goes to the middle man. So even though the price of opium is very high for one kilo, when we see the amount of opium that can be produced from a given field, the income from opium is much lower than many Royal Project Foundation crops.

Environmental Conservation

The Royal Project Foundation’s achievements in conserving the environment are three: preventing the destruction of tree cover, replacing lost tree cover and finding new, more environmentally-friendly ways to farm the highlands. The Royal Project Foundation has prevented the destruction of tree cover by persuading farmers to stop using ‘slash-and-burn’ cultivation. This has stopped the annual destruction of thousands of
hectares of forest, which in turn stops tens of thousands of tonnes of fertile topsoil from being swept away by erosion.

The Royal Project Foundation has helped to replace lost forest in several ways. First, it has worked with the Royal Forestry Department to replace lost forest by planting new trees on bare ground. Second, it has helped farmers to plant thousands of hectares of fruit trees on land that had lost its tree cover. Third, it has helped farmers to plant their own forests, or ‘villager forests’. The Royal Project Foundation has been a pioneer in developing and promoting environmentally friendly ways to farm the highlands. It has helped farmers to manage erosion by building terracing on heavily sloping hills and encouraging farmers to grow Vetiver grass. It has helped farmers to use fewer agricultural chemicals, or to stop using them at all. It has found better, natural ways to keep soil fertile and moist, and it works on finding better ways to use agricultural waste and to stop it from becoming pollution for other people.

Peace

One of the greatest achievements of the Royal Project Foundation is its significant contribution to stabilizing the social fabric of the northern Thailand. The Royal Project Foundation has helped to bring relative prosperity to the northern highlands in which it works, helped to extend the rule of law and pacified hill tribe people who might otherwise have been a force of social unrest and even rebellion. As we mentioned, Thailand was in the grip of a communist insurgency throughout the early years of the Royal Project Foundation. At the height of the insurgency in 1979, it is believed that there were as many as 12,000 armed guerillas in the jungles of the south and the highlands of the north. These guerillas included Hmong, Yao and Karen people. It is a testimony to the King’s far-sightedness that he refused to treat all hill tribe people as enemies despite the actions of a small minority. In addition to making a major contribution to integrating the hill tribe people into the Kingdom, the Royal Project Foundation helped to prevent opium production from becoming a threat to national security.

Sustainability

The total incomes enjoyed by Royal Project farmers in the year 2000 were estimated at $US45 million. We can assume this is perpetual, i.e. that the families in the Royal Project Foundation earn this every year, although actually incomes are growing and even now are certainly much larger. The budget of the Royal Project Foundation varies around $4 million per year. That means that economic value of approximately $41 million per year is created. The farmers could easily pay for the services provided by the Royal Project Foundation themselves. Furthermore, the Royal Project Foundation looks like an excellent investment. One book on opium reduction estimates the expenditures of the Royal Project Foundation from 1970-2000 at about $100 million dollars. If that is the original investment, then the $41 million per year generated, net of expenses, can be considered a 41% net annual return on the original investment- a good return indeed.

Preserving watersheds is what economists call ‘a public good’, meaning that no one in the country fails to benefit from it, and that the country does not have to pay more to extend the benefits to additional citizens.
When something is a public good, like street lighting and national defense (and watershed preservation) there is a strong argument that it should be provided by the state, not only for a short period of time, but into perpetuity. The practicalities of watershed preservation require that local people be the principle actors in the conservation process, but any long-term support needed can clearly be justified.

**Hill Tribe Culture and Civilization**

Development projects like the Royal Project have a substantial impact on the communities that they try to help. They provide income and essential services like education. By providing education and helping people to become more productive, they also induce communities to take up many activities other than farming. Different farming systems, different careers and contact with outsiders can also cause people to change their values.

Cash farming of opium was thrust upon the hill tribe people, in most cases recently, by various narcotics traffickers. Even the Hmong were not themselves originally pioneer swiddeners - hundreds of years ago they lived in fixed settlements in the uplands of Southern China until outside influences conspired to turn them into nomadic opium farmers. But this is clearly a flimsy argument: a culture can survive the abandonment of long-held practices such as the practicing of particular religions, systems of government and much more. Certainly, there is a limit to how much change can be endured at a time, but when elements of a lifestyle seem certain to force great misery not only on a people, but on their nation and world, allowing the process of development to change that lifestyle is acceptable.

**Awards and Prizes**

In 1988, the Royal Project Foundation was awarded the Ramon Magsaysay Award for International Understanding in recognition of ‘its concerted national and international effort to curtail opium growing by bringing worthy livelihoods to Thailand’s hill tribes’.

In 2000, Taiwan’s International Cooperation and Development Fund selected the Chairman of the Royal Project Foundation to be the recipient of the first ever Lifetime Achievement award to honour the success of long-term initiatives on remarkable success in replacing opium-based agriculture with alternative agriculture, research and conservation of natural resources.

In 2003, the Royal Project Foundation was awarded the Colombo Plan prize for opium eradication. The Colombo Plan was established in 1951 to promote social and economic development in the Asia-Pacific Region. The Drug Advisory Programme was added in 1972 to support the US-lead effort to combat the regional drug problem. In awarding the prize, it noted ‘The Royal Project Foundation is the only project in the world that has got rid of opium by positive means’.

**Key Challenges**

Even though there are more profitable crops, it is not at all straightforward for farmers to grow these crops and therefore capture the higher profits. This can be seen quite clearly if we consider the various hurdles that the Royal Project Foundation had to clear in order to allow the farmers living in its development areas to profitably grow and sell the new crops.
The first hurdle is research. Although some crops can be transferred directly from other regions into the highlands, many cannot, and so the search for them can be a lengthy process, as was the first search for deciduous fruit trees that would grow in the highlands. In some cases, suitable crops might already exist in an area, or might be easily transferred, but problems are still sure to appear at some point, and in many cases research will be needed to solve them. It performed research into areas including cultivability, varietal improvement, agronomics, soil and water conservation, and disease and pest control.

The second hurdle is establishing proper land use. When the Royal Project Foundation commenced, there were many farmers who owned only 4-8 rai of land (between two-thirds of a hectare and one-and-a-half hectares) in total. Since then, the population in the highlands has quadrupled, from around 250,000 to one million, making it exceptionally difficult for farmers to expand their land holdings and forcing them to continue to farm areas that are ecologically delicate. Although in theory the returns from one or two most profitable Royal Project Foundation crops, are such that a farmer could, in principle, earn a decent living from growing them on small strips of ecologically robust land that they might have access to, this would be an exceptionally risky cropping strategy. It would expose the farmers to enormous volatility of production and income, and it would also harm the soil and the environment.

The correct use of the different kinds of land, especially sloping land, must be identified. Watershed areas must be left unfarmed, as must the most steeply-sloping non-watershed areas. Land of medium or low slope that is not on the watershed can be farmed under the right conditions and using the right crops and the right practices. Tree crops can be used on the medium slope, with the more erosion-prone crops like vegetables and field-crops saved for low slope or flat land. Soil conservation measures such as terracing and Vetiver grass must be used whenever possible. Appropriate cropping patterns such as inter-cropping and planting crops in rows can further reduce erosion, as can restoration of organic matter to soil by using organic fertilizer and mulching. It is also desirable to use chemical inputs conservatively, for example as part of an integrated pest management system: sloping areas drain into water supplies quickly and downstream contamination is a risk.

The third hurdle is solving the marketing problem. It is necessary to find out what consumers want and how much they will pay for it. This is partly about market research and information, and partly about managing markets through promotion, advertising and customer development. Presuming these issues can then be solved, there is the practical problem of post-harvest process and distribution- i.e. transporting the produce to the eager customer without losing too much of it. To solve this problem the Royal Project Foundation had to develop a sophisticated distribution system running from seven of its development centres to Bangkok and its ‘Royal Project’ stores. Solving the marketing problem is, evidently, not easy at all.

The fourth and final hurdle is farmer must be capable of growing and harvesting the new crops, and must be able to see the benefits of so doing. Farmers must use land in the right way, which requires
not only education and motivation but requires social structures and norms so that everything can be coordinated. There are a host of practical skills and abilities that communities need, like book-keeping and negotiation skills, knowledge of how to control the quality of agricultural produce, how to package and process it and how to keep records of what is done. Farmers also need to know how to deal with banks, government agencies and private businesses. If these problems are not solved, the research, market development and land development may not lead to any lasting benefits.

**Lessons Learned**

The key lesson learned of the Royal Project Foundation are: the leadership of His Majesty, King Bhumibol Adulyadej; the basically favourable economics of opium replacement crops given sufficient investment; the extent of the resources available to the Royal Project Foundation; the long-term view taken in the planning and implementation of the Royal Project Foundation; the making of basically correct choices in the design of the opium replacement strategy; fundamentally sound market conditions for Royal Project Foundation alternative crops.

**Leadership**

The leadership of His Majesty the King has made the success of the Royal Project Foundation possible. First, he created the concept of income-enhancing, non-coercive drug-crop replacement, the concept on which the Royal Project Foundation rests. Second, having originated the project, and staying so actively involved in it, he ensured that there would be strong government support for the Royal Project Foundation, without which it could not have been successful. Government support was necessary in part because the large infrastructure and expensive public services needed in development areas could only be provided by the government, and in part because project staff could not act in development areas without government permission and cooperation.

It was also necessary for the involvement of international development agencies, which always prefer to work with strong support from national governments. This holds true not only of the Royal Project Foundation, but all of the highland development projects in Thailand: the government cooperation that was necessary for their operations was largely due to the leadership of the King. Third, the King’s participation ensured that the Royal Project Foundation would receive significant moral, technical and material support from most quarters. The Royal Project Foundation has received remarkably generous support from international donors. Much of its research and development work has been done by thousands of volunteers, ranging from nurses to Permanent Secretaries of the Thai Civil Service. In addition, other organizations are keen to work with the Royal Project Foundation.

**Sufficient Income from Alternative Crops**

Royal Project Foundation has subsequently proved, is that opium is not an especially profitable crop. Rather, it is a crop that is exceptionally well suited for under-developed highland regions, because of its low initial investment requirements and low
distribution costs. If adequate investment can be provided, the cash yields from opium can be dwarfed by alternative cash crops, which might provide incomes, two, ten or even sixty times as high as opium. It is sometimes thought that the demand for heroin is such that the price of opium can be raised to an arbitrarily high level.

Long Term View

The long-term approach allowed the Royal Project Foundation to spend around eight years focusing primarily on research, ensuring that it had crops that would grow in the highlands and basic soil and water conservation measures. Taking this time also allowed it to grow the national markets for the new cash crops, which, prior to the Royal Project Foundation, did not exist. The long-term approach allowed the general approach to opium replacement, in which farmers were not asked to stop growing poppies until the income from the new crops was higher. Such a strategy requires patience, and would be difficult to use if an implementing project had a two or three year deadline.

Time provides numerous other benefits. If a project exists for a long time it will naturally acquire a higher total budget: arguably, the investment in the Royal Project Foundation is as much explained by the fact that it has been making continual improvements for four decades. Another of the benefits of longevity is that, as we previously mentioned, some of the changes that the Royal Project Foundation has tried to bring about require a changing of generations, especially attitudes to environmental conservation, and, probably, women. This longevity, like many of the other reasons for the success of the project, can also be traced back to the direction given by King Bhumibol, who was adamant, from the beginning that opium replacement would take around 30 years.

Strategy Refined

The Royal Project Foundation made a number of choices about how to conduct highland development that, in retrospect, seem like the right ones. These have also contributed greatly to the success of the project. One choice was that the programme would call on many disciplines: much of the work was agricultural, but health, education and society also had to be addressed (in developers’ jargon, such a programme is called an integrated programme). Such an approach is necessary for two reasons. First, because to completely remove opium, it is not enough to just replace it as a crop, it is necessary that new livelihoods and ways of living can be provided, in which opium plays no role at all. Second, because communities need to become capable of conducting these new livelihoods for themselves, which means they will need help in a lot of different areas, not just agricultural areas. Another important choice was to try to ensure the willing participation of the farmers, rather than simply forcing them to replace their crops.

Market Conditions

Fundamental sound market conditions for the crops grown by Royal Project Foundation farmers for almost the entire life of the project until now is a crucial factor. In 1970, Thailand’s GDP was about $3.4 billion. By 2002, it was about $136 billion, an increase by a factor of about 40. This equates to a remarkable 12% per annum over the entire period. Typically, developing countries these days
have annual growth ranging between 0.5% and 4%, with anything above 2.5% considered pretty good. This remarkable economic growth is the reason why Thai consumers can buy exotic fruits, organic vegetables and decorative flowers, all of which create so much income for the Royal Project Foundation farmers. This is not to say that market conditions have always been good- the economy receded after the South-East Asian economic crisis of 1997, and individual product markets each have their own ups and downs.

Recommendations

It seems that replicating the Royal Project Foundation elsewhere would be a challenge. The obstacles to be overcome are many. First, one would need a high-profile leader who was able to ensure government cooperation with the development process, help to tap donors and inspire first-rate staff to join the project in large numbers. Second, there would have to be sufficient investment (mainly in land development and distribution) to make cash crop farming of the Royal Project Foundation variety practical. Third, sufficient resources would have to be committed over a long time frame, covering decades. Fourth, the national government would need to provide long-term economic growth, if the country is not affluent enough to provide rural development areas with adequate markets for exotic crops.

To do all of these things would be difficult, but not impossible. Inspirational leaders exist, even if few are as loved as King Bhumibol. Developing highland areas to help to make cash crop farming profitable is slow and expensive, but it is easier if a government has decades to achieve it. It should also be pointed out that it may not be necessary for the highland areas to be anywhere near so developed as Thailand's: recall that the farmers at Mae Hae Royal Project Foundation Development Centre were still earning more from vegetables than opium in the early eighties, despite the lack of a modern distribution system. Allowing a long-time frame for such project is politically difficult, in the face of donors' and politicians' demands for immediate results. Without an inspirational leader to affect the needed change in peoples' perspectives, moving to long-term planning would require a culture change that seems unlikely to occur spontaneously.

While guaranteeing continuous economic growth is probably impossible, it is undisputed amongst economists that investing in skills and education, creating a healthy environment for trade and balancing the government’s books guarantee at least long-term movement in the right direction. So an initiative as large as the Royal Project Foundation might just be taken, after all.

Despite different contexts of one country to another one, the long experiences of the Royal Project Foundation could be transferred and applied to other regions: demonstration and promotion methods; field treatment of drug addiction; promotion of integrated farming systems; promotion of Vetiver grass; low-cost aspects of post-harvest process; its community development work. The basic model of production of temperate and semi-temperate-zone produce as cash crops may be viable without going as far as the Royal Project Foundation has one would have to study each situation and see.
Part III

Lessons Learned
International Organizations and Development Agencies
Integral and Sustainable Alternative Development goes far beyond crop substitution. Alternative development efforts are integral and sustainable when they are economically viable, with practical business plans, ecologically sound, socially just, culturally and anthropologically appropriate and humane, and based on a scientific approach. They are integral and sustainable when they are farmer-oriented and not focused solely as a reactive or exceptional measure to attain short term eradication goals. They are integral and sustainable when they harness the power of association to allow small farmers to compete with larger farmers on input purchases, cultivation practices and marketing, and seek to strengthen self-reliance in communities affected by or could be affected by illicit crop growth. They are integral and sustainable when they meet the nutritional and other human needs of present and future generations; and where possible, enhance the productive and regenerative capacity of the natural resource base. And they are integral and sustainable, and support the strategy against poverty adopted by the States to meet the Millennium Development Goals, when they operate from the premise that rural development and rural employment require non-farm as well as farm-based initiatives. Given existing budget and staff limitations, CICAD’s contributions to Integral and Sustainable Alternative Development in the Americas going forward will focus on capturing, systematizing and disseminating best practices.

Introduction and background of the institution

Overview of institution’s mandates and scope of development work, key elements and highlights of the institution’s programmes/projects.

Among the mandates of the IV Summit of the Americas held in Mar del Plata, Argentina in 2005, the Final Declaration states:

“Taking into account the efforts made in the Hemisphere in the struggle against drug trafficking, we reiterate our support to ensure that alternative development projects contribute to economic growth, promote the creation of decent work, and support the sustainable economic viability of communities and families in those countries affected by the presence of illicit crops.”
For the past seventeen years, the Executive Secretariat of CICAD, has taken active part in the design and implementation of alternative development projects. At the beginning of this decade, with the help of several donors who contributed to support these types of projects, the Alternative Development Unit was created as a priority line of action.

The situation began to change in 2004 when there was a reduction in both the amount of funding made available by donors for these projects, and in Secretariat staffing.

In order to comply with the mandate of the 2005 Summit of the Americas, the Secretariat reevaluated its capacity to execute alternative development projects in individual communities and concluded that its strength instead lay in identifying ways to provide value added to the initiatives undertaken by other agencies or countries.

The Executive Secretariat of CICAD, to the extent of its capacities, will continue focusing on the identification and dissemination of best practices in alternative development in the western hemisphere, for example through the Alternative Development Knowledge Network (ADKN). This is based on its long term experience in this area, and on the respect earned from its Member States in this regard. It can and must gather and process data on experiences that identify the methodologies, activities and means (the “how to”) through which the goals of the different projects were reached, and of lessons learned that could be successfully replicated in other projects.

CICAD recognizes that learning from the experiences of ongoing and completed operations is crucial to increasing the impact of Integral & Sustainable Alternative Development strategies, programs and projects. Reliable feedback from operations provides partners with the knowledge they need to analyze strategic implications, improve processes and results and ultimately learn how to do better in the future.

The learning process should not only generate knowledge for Integral & Sustainable Alternative Development partners but it should also ensure that knowledge can and will be applied in practical and immediate ways. How experiences can be transformed into systematic, operations-oriented learning exercises is CICAD’s priority in its Integral & Sustainable Alternative Development efforts.

**Approaches and policy guidelines**

Impact on rural poverty is a composite measure of Integral & Sustainable Alternative Development effort’s contribution to changes in the lives of the beneficiaries. Its constituent indicators include physical assets, financial assets, food security, environment, human assets, social capital and empowerment, agricultural productivity, institutions and services, and markets.

Agriculture has been shown to have a powerful impact on poverty reduction. According to the 2008 World Development Report, GDP growth generated by agriculture is up to four times more effective in reducing poverty than growth in other sectors. With agriculture being the main livelihood for an estimated 86
per cent of the rural population, and providing jobs for an estimated 1.3 billion smallholders and landless workers, it is central to the achievement of Millennium Development Goals (MDG)\(^1\).

At the same time, the world food crisis is real, and it is affecting poor rural people across the developing world. Responding effectively to the impact of higher food prices must be a top priority for the global community. Current estimates suggest that total food demand is likely to double by 2050. Long-term food security and income generation programmes should be strengthened to support farmers courageous enough to switch to licit crops. Meeting the challenges will not be easy and will require collective action across the range of activities, from basic research to farm investments, to infrastructure, trade and efficient markets. When people cannot make a living on the land, they are often forced to illicit crop production. But with the right support, policies and development programmes in place, illicit producers have huge potential to increase food production and benefit from better prices, improving their lives and contributing to greater food security.

It is essential to develop and strengthen organizations of farmers and producers in order for them to increase their volumes going to the markets and to increase their bargaining power in the value chain and to be able to participate effectively in policymaking. There is a need to go beyond the traditional “farmer/researcher/extensionist” triangle to encompass a dynamic and multidisciplinary innovation system that links various and diverse stakeholders at the local, national, regional and global levels in order to also reduce uncertainty and improve market price information and predictability.

Production on many of the illicit producer farms is at a subsistence level. However these small farms can make a fundamental contribution to the economy and food security, but they need inputs (fertilizers, seeds, agricultural equipment) financial resources, access to local and international markets and know-how.

Integral & Sustainable Alternative Development efforts need to strengthen their combined efforts to design appropriate and sound policies and programmes. In this way it is possible to ensure sustainable alternative livelihoods for small farmers and their communities. The foregoing include supporting actions and solutions required at the hemispheric, national and local levels, with inclusive

\(^1\) http://siteresources.worldbank.org/INTWDR2008/Resources/WDR_00_book.pdf
participation by linking government agencies, smallholder farmers and their organizations, international organizations, researchers and others in effective ways of sharing knowledge and coordinating action for long-term food security through alternative development initiatives. Poverty alleviation and sustainable development should continue to be the main goals of Integral & Sustainable Alternative Development. Given suitable alternatives, most families would gladly switch to licit sources of income.

Key challenges facing AD-how institution addresses challenges

Illicit crops are usually grown in remote areas with little infrastructure and low presence of the State. People living in these regions have low literacy levels and scarce access to wealth. Three quarters of the world’s one billion extremely poor people live in rural areas. Poverty in the region is highly linked to low schooling levels. According to the ECLA (Economic Commission for Latin America), the poverty ratio in households where the head of the family has only primary school education (41.3%) is over eightfold that of those where the head of the household has high school education (5.1%). Likewise, the poverty ratio in rural areas is more than twofold that of urban zones (59.1% vs. 26.1%). Above all, they lack the organizational power and influence required to advocate for their own needs and take advantage of emerging opportunities. Women are usually the most disadvantaged.

People living in these regions are commonly landless or farmers whose plots are too small to provide for their needs. They lack access to the land, water, financial resources and agricultural technologies and services they need to farm productively. They also lack access to markets and opportunities for enterprise that could help them increase their income. Poverty is mainly concentrated in homes where the head of the household works in agriculture and in urban non-financial service sectors (33.5% and 29.1%, of the poor population of the region, respectively); while licit produce grown in those regions has no easy market access.

In their participation in Integral & Sustainable Alternative Development markets, producers find themselves at a major disadvantage. Many have a poor understanding of the market, how it works and why prices fluctuate; they have little or no information on market conditions, prices and the quality of goods; they lack the collective organization that can give them the power they require to interact on equal terms with other, generally larger and stronger, market intermediaries; and they have no experience of market negotiation and little appreciation of their own capacity to influence the terms and conditions upon which they trade.

With little experience, no information and no organization, they have no basis upon which either to plan a market-oriented production system or to negotiate market prices and conditions. Ultimately, their lack of knowledge means that they are passive, rather than active, players in the market; that they can be exploited by those with whom they have market relations;

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2 www.cepal.org
and that they fail to realize the full value of their production.

Distance to markets and high transport costs arising from the lack of well-maintained roads, long distances and lack of affordable, appropriate transport is a central concern for rural communities throughout the developing world. Integral & Sustainable Alternative Development beneficiaries need access to competitive markets not just for their produce but also for inputs, assets and technology, consumer goods, credit and labor.

The perishable nature of much agricultural produce from Integral & Sustainable Alternative Development efforts, combined with a lack of storage facilities and long distances to markets.

The rural world is changing rapidly, and young people need to be prepared to rise to the new opportunities. Improvements in agricultural productivity, new markets, products and business environments can still generate more and better jobs in most developing countries. However, because of the low elasticity of demand for food, the agricultural labor force will in the long run decline and the rural non-farm economy will also have to be a key source of new jobs and many rural people will need to become engaged in non-farm activities or migrate to urban areas, causing a brain drain from rural communities.

The greater availability of monetary income and economic opportunities outside the communities due to the illicit drug production tends to weaken any existing tradition of farmer cooperation, which means that there is less need to rely on solidarity networks within the communities.

The traditional role of farming has been distorted all over the world. This activity, which used to be a common focus for Integral & Sustainable Alternative Development efforts, has both driven its economic activity and dictated land use. Today, however, the economic and social role of farming is subject to a number of difficulties. Farmers are marked by a sense of disenchantment and mistrust with respect to the future, and their numbers are continually falling. A series of events indicate the changing influence of agriculture and consequently its changing social and political importance. These include, most notably, the constant decline in the number of jobs in agriculture, the aging adult farmer population (Av. 51 years), the modest contribution to the gross domestic product, the increasing environmental degradation caused by greater productivity, and the mistrust of consumers.

The unrestricted growth of many cities, due in part for the lack of interest in rural activities as a future occupation, generated innumerable problems: traffic, pollution, overcrowding, water shortage, violence, insecurity.

Highlights of good practices, experiences and lessons learned (positive and negative) to be shared

Involvement in agriculture has been the primary occupation related with CICAD Integral & Sustainable Alternative Development efforts and agricultural income is of much relevance for the beneficiaries, although it is not the most rewarding. In fact, our results indicate that non-agricultural waged employment
activities are the most rewarding per day of work, followed by on-farm agricultural activities and self-employment activities out of agriculture sector. In addition, non-poor beneficiaries seem to enjoy higher returns from on-farm agricultural employment than the poor do. However, income diversification has to be considered as the effective strategy for Integral & Sustainable Alternative Development efforts.

The provision of market and price information can assist producers with farm-gate marketing decisions: linked to training both to help them interpret and act upon that information, and to organize collectively, it can also help them to understand marketing processes more fully and to develop strategies to achieve better and more stable prices for their agricultural produce. However, such information must be location specific, timely and accurate, dynamic, and locally available and in a language understood by all of the rural population. In many countries, however, improved communications, radios and, more recently, mobile telephones play an important part in reducing informational asymmetries.

There are a number of important cultural and anthropological characteristics that have to be analyzed and understood well in advance, such as survival strategies, perceptions and priorities, family relations, environmental circumstances, community organization and the role of women in the household economy and in decision-making.

The values of the beneficiaries’ communities are relevant to performance. Some communities may tend to be more entrepreneurial or risk taking. Some may be more traditional. Some may have certain agricultural practices that they will not give up. Some communities may not even have much interest in marketing improvement projects- they may only want help with health or education.

Integral & Sustainable Alternative Development programmes cannot solve all national social problems, nor should they be a source of social conflict. When designing Alternative Development programmes, their crisis prevention, conflict management, and peace-keeping potential must be taken into account.

Projects must envisage, from the start, actual and practical business plans to allow the commercialization of products, taking into account that although some trade treaties facilitate the entry of
products to premium price markets, they do not necessarily guarantee the entry of certain specific products or their success in a given market. In the financial estimate, trade preferences should be considered an additional advantage, not the main criterion to determine the profitability of a transaction. Thus, efforts to implement local, regional and national marketing strategies should be increased taking advantage of, and encouraging, a higher level of integration at those levels.

Private-sector investment, in particular, is essential for Integral & Sustainable Alternative Development. To attract private capital, significant public co-investment will be required and important regulatory, legal and social issues will need to be addressed, including the safeguarding of farmers’ (especially smallholders’) land and resource rights.

**Recommendations for future development and implementation of sustainable alternative development and illicit crop reduction programmes and international collaboration under South-South cooperation**

A new conceptual focus must then be given to Integral & Sustainable Alternative Development to encompass productive, profitable, transformation and marketing chains that generate income and job opportunities at different levels, since transformation and service are the first requirements for generating true value added, after which, the final step is product promotion. The success of this proposal requires the participation of the private sector, encouraging the inclusion of transformation, processing, and value-adding schemes into alternative development products for farmer organizations to be able to access the final markets.

Sustainability has been a continuing area of concern for CICAD, as indeed it has for all development institutions. There is still a need to introduce a wide array of measures during design and implementation (for example, by avoiding overambitious project design or by carefully selecting implementing agencies) to address sustainability, including rigorous attention during quality assurance and quality enhancement, better articulation with national objectives and institutions within the framework of Integral & Sustainable Alternative Development efforts and insistence on national and local ownership. Programme sustainability can be assured through the development of social processes in which communities can participate and exercise a certain degree of leadership with decision-making power during project implementation. This requires continued backup, with social capital reinforcement, which requires more time than just a fiscal year or a transient project implementation term. Thus, socio-entrepreneurial backup must be provided according to the specific strengthening needs of each social organization.

Integral & Sustainable Alternative Development is possible when and where beneficiaries are empowered and the right combinations of enabling policy and rural investments are in place. Pathways out of illicit production are diverse. They are affected by global processes but depend on local conditions, institutions, initiatives and investment. More attention from policymakers, more policy space for countries and rural societies to decide
their own path to Integral & Sustainable Alternative Development, and more innovation are needed to address this diversity.

Empowerment is not only about access to assets, but also about opportunities and the capacity of Integral & Sustainable Alternative Development beneficiaries to make effective use of this access to meet their needs and aspirations. Genuine empowerment occurs when their capacity to find new, effective solutions to their challenges is expanded in a sustainable manner. Moreover, empowerment involves effective participation in decisions that affect a person’s life, welfare and environment.

In most illicit producer countries, inclusive agricultural and rural development is a necessity for poverty reduction, sustainable development, and food security, preserving the environment, limiting forced migration and ensuring peace.

The disappearance of agriculture’s traditional role, and the need to define a new one, make it necessary to review the traditional contract between ‘society’ and ‘agriculture’. In order to draw up this new contract, the functions of the farming sector must be reformulated in response to the new needs and demands of society. The Integral & Sustainable Alternative Development community must assume new functions and go beyond its traditional role as a supplier of raw materials in order to be able to meet these new demands, which include maintaining the ecological balance, sustaining employment and the socio-economic fabric, supplying leisure and recreational activities, producing quality food, protecting the environment and the local heritage, and preserving diverse cultures and traditional activities.

Although agriculture is a private enterprise, its role in providing public goods for society as a whole cannot be regulated exclusively by the market and needs to be supported by strong and proactive public policies.

Integral & Sustainable Alternative Development beneficiaries, especially smallholders, are key actors in bringing sustainable solutions to the challenges of tomorrow, such as how to achieve food for all, sustainable management of natural resources and biodiversity, climate change mitigation, and supply of renewable energy. This all constitutes a common agenda in which the Integral & Sustainable Alternative Development actors have a key role to play.

The outcome of a non-sustainable approach to development is chaos and ruin. Therefore, a national policy of preservation and adequate use of resources is required to always have a place where the natural environment is maintained. This requires that Integral & Sustainable Alternative Development be framed in the protection and sustainable use of biodiversity. Due to the major disturbances caused by coca crops in the delicate ecologic balance of the region, Integral & Sustainable Alternative Development projects must award major importance to training farmers in the use of agro-ecological and environmental recovery and protection techniques.

Alternative Development policies must also be preventative and not implemented only as a reactive or exceptional measure to attain short term eradication goals. They must be farmer-oriented not aimed only at drug trafficking interdiction.
Alternative Development understood only as a means to control illicit drugs production is not always aimed at reducing poverty. The agenda for development must consider the drug problem as part of its concerns and include it in its poverty-reducing strategies. There must be a clear understanding that development solutions are often more adequate and ultimately more successful than purely repressive actions. Thus, dialogue among institutions responsible for development and drug trafficking control must consolidate these two issues.

Although for some donors, an integral cooperation with the countries is important, others only participate in control-related aspects, and still others only take part in specific Alternative Development actions, ideally, there should be an integral outlook, acknowledging the specific realities specific of the beneficiary country, with total respect of the shared accountability principle.

Under the possibilities for South-South cooperation, there’s a clear need for a workforce development strategy to address the “new rural economy”, Ex: an economy based significantly on innovation, entrepreneurship and human capital and to link trained individuals to future jobs related to their interest and aptitude and matched with labor market needs, building individual capacity for life long employability.
Introduction and Background

Overview of Illicit Drug and Development Situation

Since ancient times, Peru has cultivated coca, the so-called “chacchado” (chewing coca), for the traditional local market. At present, this coca production is commercialized by ENACO (National Marketing Enterprise for Coca). During the 1970’s, a great demand for coca drug derivates was generated, so these traditional productive areas were used as seed plots for crop expansion for illicit purposes. Thus “the Coca Boom” was initiated and promoted by drug trafficking.

It is estimated that up until mid 1990’s the expansion of coca cultivation in Peru reached around 200,000 hectares, thus making Peru the first producer of coca paste (PBC) and purified coca paste (PBL), encouraging corruption and money laundering. The drug market was controlled by the Colombian Cartels, which were established in the coca productive regions.

The drug trafficking growth in Peru coincides with the beginning of the subversive groups (Shining Path and Tupac Amaru Revolutionary Movements), which saw in the drug business a way to finance their subversive actions. This insecure situation generated by drug trafficking and subversion in the Amazon coca zones was aggravated by the weak presence of the government, deficient productive infrastructure (roads, energy) and social deficiency.

Another problem is the isolation of the Amazon from the rest of the national economy, principally from the coast. To this it should be added that there was accelerated deforestation due to the installation of coca and subsistence crops with low economic impact.

In the mid 1990’s the government implemented interdiction actions against drug trafficking (the destruction of clandestine landing strips, precursors control, etc.), which created disarray in the drug commerce. This created massive abandonment of coca crops, significantly reducing the area under cultivation. It is estimated that the reduction from 1995 to 2008 has been about 51%, passing from 115,300 to 56,100 hectares. Thus, since 1998, Colombia has become the first coca producer and Peru the second one.

The high technology applied to coca cultivation through drug trafficking

2. UNODC – Alternative Development in Peru
has increased the productivity/hectare harvested. For example, in 1995, coca leaf rendered an average of 1,592 kg/ha, while in 2008 it reached 2,200 kg/ha.

Traditional agriculture in Project areas was extractive and is characterized by subsistence with low technological levels and low yielding-products, such as coffee crops (0.60 MT/Ha) and cacao (0.40 MT/Ha). The commercialization process was carried out through a chain of intermediaries, which did not contribute to better prices for the producers. Additionally, due to the bad conditions of the roads, there were high transportation costs.

Another characteristic of the coca zone was the high quantity of land tenure without property titles due to informal colonization and a great tendency towards small properties.

- Social characteristics of the population.

Migrant families, approximately 52% coming from the Andean region to the jungle in order to escape conditions of extreme poverty, characterize the population living in the coca production zones. Thus, these families carry into the jungle traditional habits from the Highlands which are not compatible with tropical environmental conservation. This is one of the big problems resulting from migratory agriculture. The non-literacy level is 14% among the male landowners and 22% among the females. In both cases the level of education is elementary school. Other characteristics of the families are low organizational abilities, almost no capacity to develop productive, competitive and sustainable activities due to the lack of access to technical knowledge, and no awareness of environmental conservation.

Overall Objectives and Expected Outputs

To generate sustainable economic proposals with licit products linked directly to the value chain through the farmers’ organizations / enterprises to avoid the expansion and/or prevention of illicit crops. During the process of restitution of a legal economy, the coca producer is the main actor, but only when he is willing to put aside illicit crops does the alternative development process begin.

Management and Implementation Modality

With over 20 years of experience in alternative development in Peru, the UNODC has developed a valid strategy of intervention. The principal component of this strategy is the farmers’ organizations. It is through the organizations that the other components of UNODC’S strategy of intervention are articulated. The components of the strategy are:

- Agro-livestock diversification and technological process.
- Promotion of leading enterprises with the capacity to attain the full added value through a successful marketing of their products (enterprise models).
- Implementation of high-quality technological packages to reach high-standard markets.
- Contribution to the generation of added value through an agro-industrial process.
- Execution of forestry and agro-forestry
projects in areas degraded by coca cultivation, with an environmental approach improving the beneficiary family income.

- Integration of gender in a transversal manner through all project activities.
- Permanent project monitoring and evaluation with technical support (cartography and satellite images) and proper methodology in the collection of data in the field and interpretation.

Key Elements and Highlights of the Projects

- Technical Team: UNODC has been working in Peru for more than 20 years and has developed a “know-how” regarding the implementation of alternative development projects, defining a clear strategy of intervention in coca areas articulated towards drug trafficking. The experience and knowledge gained by the Technical Team, which has been working since the beginning of UNODC intervention in Peru, has led to unifying criteria which allow them to analyze and modify, whenever it is necessary, the concepts managed under the alternative development policy framework.

- Validity of project strategy: The socioeconomic and productive characteristics of the coca areas have allowed adequate working modalities, which have resulted in a project strategy. This strategy involves the organization of the target population as the main component of intervention. Based on this, the other components are articulated, such as agricultural diversification, quality production, generation of added value, gender, quality of life and environmental conservation.

- Quality production: It is important to ensure that all the productive and commercial processes are performed under technical parameters in order to obtain high-quality production and be able to compete in the national and international markets. To this end, technical and social criteria are established (whenever it is necessary) that allow the identification of the most suitable areas for the growing and development of agro-livestock. Good practices of harvesting and post-harvesting are performed to increase the productivity and quality of the product. It is very important that the quality of the product offered is consistent and meets the requirements of the special markets (organic, fair trade, gourmet). This quality enables the product to comply with increasing market demand and to obtain prime prices.

- Farmers’ Organizations - Enterprises: The creation and/or modernization of farmers organization - enterprises are accomplished with an integral focus on the market. This process implies: (a) creation of sector committees as the social and productive basis for each organization, (b) selection of appropriate managers who are identified with the enterprise and have social entrepreneurial vision, (c) institutionalization and functioning of technical departments to ensure quality and provision of technical assistance in the land parcels of their members, (d) improvement of the sense of partnership amongst the associates with their cooperative, allowing the issuance of “Contribution
Certificates” with registration and financial endorsement. Other important issues are the organic and/or ecological certification of the family parcels (Bio Latina, Nature land, Equal Exchange, Skal, IMO Control) by recognized certifying entities, incorporating the cooperatives as members of the FAIR TRADE market, based on mutual trust agreements offering stable prices vis-à-vis market prices, access to international banks for credit allowances for harvesting and the retribution of prime prices to the farmers due to a high-quality product with proper environmental management.

• Technical Assistance: It ensures the change of attitude and skills of the beneficiary families and their organizations that is demonstrated through the technological changes and improvement of their crop productivity. The selection of farmer-leaders with positive attitudes who are responsible, willing to excel, and who are capable of assuming new challenges are important. Proven technological proposals are adapted to each area’s conditions, beginning with the selection of genetic material and management towards specialization. Management and development of technical packages for agricultural production aim toward a total-quality concept with an environmental approach. Other strategies include the use of adequate methodology for agricultural training of the population, productive change of the traditional parcels of land towards specialized management, technical assistance with integral management of the crop productive chain (training and skills), improvement of post-harvesting activities and infrastructure modules, formulation and implementation of management plans which emphasize sustainability, and promotion of production management under organic/ecological parameters.

• Gender: Integration of women in Project activities. This focus is centered on an analysis of roles and gender relationships and includes not only women’s roles but the interests and concerns of both men and women. Identification of the activities that women carry out in the productive process is pointed out in order to make them more competitive and empowered. The parental role in the family is more valued, incorporating the concept of quality of life, which is necessary given the conditions in which the families of the beneficiaries live.

Under UNODC Peru Alternative Development Projects the gender component is incorporated throughout all the activities to guarantee sustainability of the implemented actions.

The incorporation of gender perspective in rural development areas, particularly in the coca zones, is essential because of the profound traditional habits showing inequities between men and women in the access and distribution of their resources and developmental benefits. The gender approach emphasizes cultural, psychological, and social relationships and other roles of men and women. Only through the knowledge of these factors, which prevent development,
can the impact of the actions be valued and categorized as a result of the working strategies implemented by UNODC.

UNODC projects, through the application of gender equity, have improved the women’s decision-making capacity, both in the nuclear family and in their social groups. On average, women who are the owners of their parcels represent 20% of the beneficiaries, but as the project is addressed to the farmers’ families, the participation of women (spouses and owners) increases to around 45.6%. Within the farmers’ organizations promoted by UNODC, around 25% of leading positions at the director level are occupied by women.

The families who acquire the status of members are backed up by the organization’s rules, which consider not only the male owner but his spouse as active partners and decision-makers, registered in the Minutes and Membership List, with equal rights and obligations.

- Strategic Agreements: The promotion of private enterprises, under the general law of associations, allows small farmers to become shareholders, accessing individual property through the tenure of shares, and at the same time, allows the enterprise to have flexible management (Manager and Board of Directors) and access to credit. Enterprises are mixed associations, consisting on farmers’ organizations as the major shareholder, the farmers and others as individual shareholders, and a private enterprise, which by acquiring a significant package of shares, becomes the strategic partner. The advantages of these alliances are: (i) an important investment is made by the strategic partner, minimizing the debts of the farmers’ enterprise, which reassures the market (generally these private enterprises are clients of the farmers’ enterprises), (ii) the risks are shared and an equilibrium is achieved in the decisions, as the strategic partner participates on the Board of Directors, and (iii) the farmers are not left alone – obviously it improves the technical capacity of the administration.

![Figure 1.](image-url)

**Average distribution of the main beneficiaries of the UNODC projects by gender**

- Female: 20%
- Male: 80%

**Distribution of the beneficiary population by gender and head of family**

- Beneficiary and spouse: 9%
- Spouse: 36%
- Beneficiary: 54%

Source: UNODC Monitoring of Alternative Development
Projects’ major interventions and achievements/results

UNODC in more than 22 years of intervention in Peru has executed several alternative development projects in order to establish alternative legal economies to avoid illicit coca production for drug trafficking. These projects have promoted farmers’ organizations (associations, cooperatives, enterprises), which have become development poles in the main coca areas in the country.

Project “CODEVA” La Convencion and Lares Valleys (1984-1997)
- Investment: US$ 17.6 million
- Objective: Strengthening farmers’ organizations and quality production (coffee, cacao, others) with direct access to competitive markets.
- Beneficiary Families: 9,264

Project Huallaga-Ucayali-Pachitea (1985-1998)
- Investment: US$ 24.1 million
- Objective: Strengthening farmers’ organizations, quality production (coffee, cacao, palm heart and palm oil) and improving production with added value.
- Beneficiary Families: 9,264

- Investment: US$ 41.2 million
- Objective: Reinforcement of farmers’ organizations and quality products under environmental management, orienting the production to special markets, expansion of agro-industrial production: palm oil, pijuayo for palm heart, rubber, and others.
- Beneficiary Families: 15,009

UNODC ALTERNATIVE DEVELOPMENT IN PERU MAIN COCA AREAS - 2008

<table>
<thead>
<tr>
<th>Coca Areas</th>
<th>Promoted activities</th>
<th>Promoted Farmers’ Organizations</th>
<th>Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bajo huallaga</td>
<td>Coffee, cacao, palm oil, palm heart, tropical fruits, netares</td>
<td>Oro Verde, COPAGRO, INDUPALSA</td>
<td>Europe, North America, local market</td>
</tr>
<tr>
<td>2 Huallaga Central</td>
<td>Cacao, Coffee</td>
<td>ACOPAGRO, Divisoria</td>
<td>Europe, North America, local market</td>
</tr>
<tr>
<td>3 Alto Huallaga - Tocache</td>
<td>Palm oil, processed palm heart, cacao</td>
<td>ASLUSA, Tocache Coop., OLPESA</td>
<td>Europe, North America, Australia, local market</td>
</tr>
<tr>
<td>4 Alto Huallaga - Leoncio Prado</td>
<td>Coffee, cacao, reforestation to captured CO2(CDM)</td>
<td>Divisoria cooperative</td>
<td>Europe</td>
</tr>
<tr>
<td>5 Alto Huallaga - Monzon</td>
<td>Coffee, cacao, reforestation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Aguaytia</td>
<td>Palm oil, cacao, dried and prosseced wood, prosseced palm heart, reforestation for CO2 captured (CDM), tropical fish species, management of native forests</td>
<td>OLAMSA, ASPASH</td>
<td>National market</td>
</tr>
</tbody>
</table>
Main Achievements

UNODC achievements are as follows:

- **Promotion of Sustainable Crops with Technological Systems**: Rehabilitation of the plantations has been implemented with improved technologies (cacao and coffee). Expansion of the agricultural crops’ scope for palm oil, pijuayo for palm heart, and others. The technologies applied have an environmental approach.

- **UNODC has approximately worked with 59,000 hectares**
  - Oil Palm: 16,647 ha.
  - Coffee: 10,372 ha.
  - Cacao: 9,094 ha.
  - Pijuayo/palm heart: 1,742 ha.
  - Other Crops: 4,236 ha

- **Yielding improvement and Quality Production**

  *Production yielding per hectare*

  - Coffee: From 10.7 to 25 qq
  - Cacao: From 400 Kg. to 1,200 kg.
  - Palm Oil: 15 MT
  - Pijuayo: 7,000 stalks

  *Quality as a Sustainable Factor*

  - Selection of genetic material in accordance with soil type, altitude and climate.
  - Technical assistance in plantation handling (plague control, diseases, fertilization, etc.).
  - Strict processes of post-harvesting (selection, benefit, drying and shipping).
  - Adoption and sustainability of organic certified rules.
  - Value the manual labour of the producer and his family.
  - Enterprises which standardize their production to guarantee a permanent high-quality product to their clients protect themselves from market fluctuation and be updated in the market. This benefits the farmers with better prices and profits.

---

**Table: Main Achievements**

<table>
<thead>
<tr>
<th>Region</th>
<th>Crops Provided</th>
<th>Organization</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pichis Palcazu</td>
<td>Livestock development with improved technology, palm heart agroindustry, natural rubber, management of natural resources, work with native communities.</td>
<td>AFAPROCAP/AGADIPAL</td>
<td>Local market</td>
</tr>
<tr>
<td>Pachitea</td>
<td>Coffee, cacao, palm heart agroindustry, trout raising, reforestation livestock, honey</td>
<td>Valle Rio Apurimac Coop., El Quinacho, APROPAL, APIVRAE</td>
<td>Europe, North America, local market</td>
</tr>
<tr>
<td>Apurimac - Ene</td>
<td>Coffee, cacao, palm heart agroindustry, Trout raising, reforestation livestock, honey</td>
<td>AFAPROCAP/AGADIPAL</td>
<td>Local market</td>
</tr>
<tr>
<td>Tambopata - Inambari</td>
<td>Coffee, cacao, citrics, infrastructure work</td>
<td>CECOVASA</td>
<td>Europe, North America, Asia, Australia</td>
</tr>
</tbody>
</table>

*Source: UNODC Monitoring Unit*
Creation of Leader Enterprises

- The 13 promoted farmers’ enterprises show the success of the alternative development programme; their achievements prove a clear change of attitude among the target population, changing from traditional subsistence, low-yielding production to a competitive quality-production market.

- These enterprises represent more than 23,000 “ex coca” families who at present manage around 68,356 hectares of coffee, cacao, palm oil and pijuayo for palm heart.

- Since 2001, sustainable sales increased due to a better export offer, market expansion, good prices and movement registered by the national and international consumption.

- Main export products are organic coffee and cacao.

- Palm oil is oriented to the national market.

- Main export markets are Europe and USA.

SALES PERFORMANCE OF SUSTAINABLE LIVELIHOOD ENTERPRISES PROMOTED BY UNODC IN PERU 2007-2008

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PRECURS</th>
<th>ICE</th>
<th>TASY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central de Cooperativas Agrarias Cafetaleras COCLA Ltda. 281</td>
<td>29,945,658</td>
<td>43,003,562</td>
<td>43.6</td>
</tr>
<tr>
<td>Central de Cooperativas Agrarias Cafetaleras de los Valles de Sandia Ltda.</td>
<td>7,450,307</td>
<td>12,230,525</td>
<td>64.2</td>
</tr>
<tr>
<td>Cooperativa Agraria Cafetalera Valle Rio Apurimac (‘)3</td>
<td>124,848</td>
<td>3,615,619</td>
<td>15.7</td>
</tr>
<tr>
<td>Cooperativa Agraria Cafetalera Oro Verde Ltda.</td>
<td>1,321,926</td>
<td>3,205,645</td>
<td>142.5</td>
</tr>
<tr>
<td>Cooperativa Agraria Cafetera Divisoria Ltda.</td>
<td>1,185,304</td>
<td>2,143,997</td>
<td>80.9</td>
</tr>
<tr>
<td>Cooperativa Agraria Cafetalera El Quinacho Ltda.78</td>
<td>1,504,747</td>
<td>3,501,620</td>
<td>132.7</td>
</tr>
<tr>
<td>Cooperativa Agroindustrial Tocache</td>
<td>86,751</td>
<td>441,514</td>
<td>408.9</td>
</tr>
<tr>
<td>Cooperativa Agraria Industrial Naranjillo</td>
<td>5,288,197</td>
<td>7,476,413</td>
<td>41.4</td>
</tr>
<tr>
<td>Cooperativa Agraria Cacaotera ACOPAGRO</td>
<td>2,177,758</td>
<td>3,503,546</td>
<td>60.9</td>
</tr>
<tr>
<td>Agroindustrias Santa Lucia S.A. (ASLUSA)</td>
<td>816,878</td>
<td>1,101,190</td>
<td>34.8</td>
</tr>
<tr>
<td>Oleaginosa Amazonica S.A. (OLAMSA)</td>
<td>4,779,202</td>
<td>8,358,030</td>
<td>74.9</td>
</tr>
<tr>
<td>Asociación de Palmicultores de Shambillo (ASPASH)</td>
<td>1,461,577</td>
<td>2,709,705</td>
<td>85.4</td>
</tr>
<tr>
<td>Industria de la Palma Aceitera de Loreto y San Martin S.A.</td>
<td>314,611</td>
<td>991,779</td>
<td>215.2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>59,457,764</td>
<td>92,283,143</td>
<td>55.2</td>
</tr>
</tbody>
</table>

Source: UNODC Monitoring Unit
Key challenges and future interventions

• There is a need to promote joint institutional action on the part of all participants involved in rural and regional development. Establishment of alliances and/or a cooperative network among the organizations, institutions and other actors involved in rural development, taking into account their specific roles with a synergistic effect, needs to occur. These entities would play a key role from their initial planning, and thus, in addition to complying with their own mandates and objectives, would assume a role to promote, expedite and develop support. They would also assist in the links between the organizations and local and regional actors to actively promote participation in the construction of better future conditions in illicit coca areas.

• Negotiations must be enhanced which will allow the commitment of financial resources for medium and long-term projects. UNODC should continue to seek new models of cooperation, in accordance with the objectives and principles of the Alternative Development Policy of the international community entities, taking into consideration State policies and planning guidelines of the countries in their fight against drug trafficking.

• UNODC through new projects should: (a) facilitate and mobilize the support of national and international cooperation on alternative development; (b) promote participation and mutual efforts among national and international organizations, including local actors, to assume an active role in the implementation of sustainable-livelihood models, and (c) enhance its role and competence as an active entity in regions affected by illicit crops and, through its on-going projects, promote the sustainable-livelihood process.

• UNODC Alternative Development Programme in Peru is considered a successful model of intervention in the Andean Region, and thus it could be replicated in other countries in/or outside the region, as it has the “know-how” and an experienced technical field staff.

Highlighted good practices, experiences and lessons learned (positive and negative) to be shared with other countries

• Technical Team. UNODC technical field staffs in Peru, in more than 20 years of working on alternative development projects, have gained expertise and know-how which has led to the development of a strategy of intervention in illicit coca areas.

• Entrepreneurial Models: (a) Corporations in which beneficiary families are the majority share holders and in which their base organizations allow sustainable social participation (social control on enterprise property through the farmers’ organization main share holder) and economic improvement (by integrating the productive chain from production to
market) and (b) Social Enterprises (cooperatives and associations) where the success relies on social control over the production and on quality products, allowing them major access to specialty markets and better prices for their associates. The establishment of commercial alliances based on the trust gained by the farmers’ enterprises with the local and international markets, by offering high quality products at commercial volumes.

- Strengthening of the Legal Economy. The competitiveness of the farmers’ enterprises promoted by UNODC is shown by the economic and financial sustainability during period 2000 to 2008, which has a sales increase from US$14.9 million to US$92.3 million.

- Development of capacities to formulate proposals and projects on rural and alternative development (preventive, integrated) using satellite cartography and participatory planning.

- Chain value management with an integrated approach, which links in a coherent competitive manner production – farmers’ organization and market.

- Development methodologies of intervention for projects executed in areas with social and political conflicts.

- Management and development of technological packages for agricultural production under the concept of total quality and environmental conservation.

- Development of forestry and agro-forestry projects for Clean Development Mechanism (CDM-Kyoto Protocol) in areas degraded due to illicit crops.

- Permanent project monitoring and evaluation to improve effectiveness and efficiency of the actions carried out. A diagnostic study is carried out.

**Figure 3.**

\[\text{Evolution of sales of enterprises promoted by UNODC projects between 2000-2008 (Thous. Of US$)}\]

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>21</td>
</tr>
<tr>
<td>2001</td>
<td>15</td>
</tr>
<tr>
<td>2002</td>
<td>19</td>
</tr>
<tr>
<td>2003</td>
<td>21</td>
</tr>
<tr>
<td>2004</td>
<td>35</td>
</tr>
<tr>
<td>2005</td>
<td>40</td>
</tr>
<tr>
<td>2006</td>
<td>55</td>
</tr>
<tr>
<td>2007</td>
<td>59</td>
</tr>
<tr>
<td>2008</td>
<td>92</td>
</tr>
</tbody>
</table>

Source: Customs, OLAMSA, DUPLISA, ASHPASH
which considers the socio-economic and environmental status ex ante project intervention. Establishment of follow-up, control and evaluation ex post project activities, with technical support (cartography and satellite images) and appropriate methodology used for the collection and interpretation of field data.

- Farmers’ Difficulties to Access Agrarian Credit.
  - There are no banks in rural isolated areas.
  - Farmers do not comply with bank requirements to obtain a loan (most of the farmers do not have legal title of their parcels or own a property in the city).
  - High bank rates.
  - To overcome these difficulties the projects have established an in-kind rotary fund among the farmers.

- Financial Difficulties: The field staff work is carried out under unfavourable conditions, such as risk of violence in coca areas, isolation due to difficult access to the farmers’ plots (lack of roads, long distances), etc. The working conditions of the field technical AD team should include:
  - Permanent training to adapt to new products and to train them to be good agents of technological transference with knowledge of the economic process, environmental efficiency, etc.
  - Work stability, considering that they are the ones who have more experience, are aware of the existing risks, and have the knowledge to improve the productivity of the alternative crops.

- Institutional Isolation and Lack of Social Infrastructure: These factors favour the development of illicit coca crops and impede the development of legal activities due to high production costs caused by difficult access to coca production areas dedicated to drug trafficking. Another issue is the social and environmental damage caused by unorganized colonization, and therefore bad use of natural resources without territorial planning.

### Recommendations for future development and implementation of sustainable alternative development and illicit crop elimination programmes and international collaboration under South-South cooperation

- Even with small farmers alternative development can be successful by linking high-quality legal production to the farmers’ organizations, which guarantees access to specialty markets.

- When proposals are implemented under an integrated approach, development poles can be generated, as it is the case of palm oil in the Neshuya – Ucayali region. Considering their productive expansion, it is unlikely that the producers will return to coca cultivation.
- When there is horizontal - efficient cooperation and competitiveness and sustainable crops are promoted with significant State involvement, it is feasible to convert the areas dominated by coca production.

- The lessons and implemented approaches learned from alternative development are applicable to all the tropical and low-forest areas “with or without” coca crops.

- The use of successful models developed by UNODC is an efficient tool to make viable the effective participation of Government and International Cooperation.
3. Experiences and Lessons Learned in the Alternative Development Programme in Peru (PDA), with the Support of USAID

Introduction and background of the institution

- Overview of institution's mandates and scope of development work
- Key elements and highlights of the institution's programmes/projects

Peru is traditionally a coca leaf producing country, an input that is used to produce cocaine. According to the latest report of the United Nations Illicit Crop Monitoring Programme – ONUDD, the crops of illicit coca leaf in Peru in 2008 grew in 4.5% in comparison to the previous year and reached a total of 56,100 hectares, maintaining the growing trend reported in the previous year.

It is estimated that annually more than 110,000 MT of coca leaf are generated with an approximate value of US$ 375 million, and then a potential supply of about 302 MT of cocaine, which value exceeds US $1,100 million dollars. A small number of hectares of coca (8%) are licitly grown for traditional and industrial use; this production is commercialized by Empresa Nacional de la Coca (ENACO SA), which is the only Peruvian State-owned company of private law authorized for the trading of coca leaf and its byproducts.

This illegal growing and its processing for cocaine are a threat for social peace, democracy and development of our country. Coca resulting from drug trafficking generates violence, insecurity, organized crime and corruption; in addition, it generates serious environmental damage; but most of all, poverty.

The illicit production and processing of coca increases in areas already impoverished, with poor or no presence of the government, generating violence and illegality and providing a financing source to the remains of terrorists groups. Education, health and private investment projects are very expensive and difficult to implement due to the insecurity caused by drug trafficking and terrorism, added to the lack of police presence.

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1 Carlos Diaz Vargas, Regional Management Director of the Alternative Development Program. USAID/PERU/PDA. (cdiaz@chemonics.com.pe)
On behalf of the Peruvian Government, the National Commission for Development and Life Without Drugs (Comisión Nacional para el Desarrollo y Vida Sin Drogas) (DEVIDA), is in charge of designing and leading, on a multi-sectorial basis, the national policy to fight against the consumption, production and illicit trafficking of drugs; as well as of leading and evaluating the national strategy of fight against drugs. This comprises three Programmes: (i) Prevention and Rehabilitation, (ii) Interdiction and (iii) Alternative Development Programme.

In addition, the Peruvian Government, as part of its policy of fight against drugs, conducts the programmed eradication of illicit coca. This eradication of coca trees is made manually and by the Special Project for the Control and Reduction of coca crops in Alto Huallaga (CORAH), a dependent body of the Office of Drug Control of the Ministry of Internal Affairs, and which acts nationwide.

USAID helps strengthen the presence of the Government under a comprehensive approach, promoting viable alternatives to the growing of coca. Simultaneously, work is being done in strengthening local governments, building capacities in the communities, promoting the sustainable use of natural resources, building social and economic infrastructure and improving the access to health and education services, financing and market.

The Alternative Development Programme of USAID/Peru is a key element of the strategy against narcotics of the United States government and supporting Peru. USAID operates with other United States government agencies, including the Narcotics Affairs Section (NAS) of the Department of State and the Drug Enforcement Administration (DEA), as well as with the government of Peru, to promote licit development in coca-producing areas and reduce the illegal production of coca on a sustained basis under eradication programmes.

In the communities where programmed eradication actions have been conducted by the Peruvian government, USAID in coordination with DEVIDA and, in this case, with the implementation of Chemonics, offers and makes the communities, after a socialization process, enter into agreements with the Peruvian Government, represented by DEVIDA and commit to not growing coca again. The support to these communities is committed under the process of transition towards a licit life, offering an assistance package tailored to the needs, potential and priorities of each community, making programmed eradication sustainable.

This work is developed with the help of the population, their leaders and authorities; their organizations, the local government and strategic partners, DEVIDA and other agencies of the regional government and the Peruvian Government, that ensure a sustained change.

USAID/Peru simultaneously continues supporting the sustainability of the changes towards a licit life in communities that have a former relationship with the programme. The support of USAID to these communities has evolved to focus on the consolidation of social and economic achievements obtained in previous years, to make them sustainable in the long term. This means increasing the productivity of
cacao, coffee, palm heart, oil palm, among other crops; and thus help farmers have access to credit to expand their crops.

Simultaneously, it is sought to strengthen producer associations and cooperatives, to enable them to improve their negotiation and local and international market access capacities, and on the other hand, to work closely with producers, their authorities and community leaders, to build and improve their capacities for collective action and self-management. **The well-being of women and gender equality are also important components of the Programme.** Creative and participatory proposals are sought for the inclusion of women in economic activities and awareness in the communities, and thus ensure that both genders have equal access to the benefits of the programme and to the improvements in life quality.

The activities of economic development of the programme aroused the interest of the private sector in the target areas, increasing the investments and creating groups of interest of national and international businesses in alternative development. Many of the investments in infrastructure also leverage the presence of the Government where it did not exist before. A new school brought the Ministry of Education; a health center, the Ministry of Health; a bridge or a road obliges the local government to maintain the infrastructure. These links with the local government mobilize the Peruvian Government.

The development approach proposed and that is being implemented joins, on a comprehensive basis, the economic development, the social development that includes the community development and governance, environmental protection and there is an adequate support on communications at community, local, regional and national level; with which it is sought to socialize, raise awareness and also show the progresses of the Programme and influence political spaces.

**The entire process of change is driven to capacity building and to create a licit culture around sustainable comprehensive development; to evaluate and improve the management, there is a joint Monitoring and Evaluation System (M&E) managed by USAID – DEVIDA – PDA.** This experience is concentrated in the regions of Huánuco, Ucayali and San Martín, which will be explained in detail below.

**Approaches and Policy Guidelines**

The development approach proposed and which is being implemented joins, on a comprehensive basis, the economic development, community development, local governance and change of behavior towards a licit life.

Between years 2002 and 2007 work was developed even under a voluntary eradication strategy. The PDA team facilitated this process in 802 communities, which involved about 60,000 families in the scope of the regions of Ucayali, Huánuco, San Martín and the zone of the Valley of the Apurimac and Ene Rivers – VRAE (in the regions of Ayacucho, Cuzco and Junín).

This process started from community-level socialization, where the population and their authorities, after thinking about
the growing of coca and its implications, decided to quit it, to participate in the Alternative Development Programme, thought as a change alternative. For that purpose, the entire community signed an agreement, locally called “Master Agreement”, which was signed between the community and the Peruvian Government, represented by DEVIDA.

By virtue of this agreement, the Body of Assistance for Alternative Development (Cuerpo de Asistencia para el Desarrollo Alternativo) (CADA), an institution attached to the Ministry of Internal Affairs of the Peruvian Government was in charge of measuring and certifying coca plantations before and after being eradicated. The community population registered in those agreements (cocaleros and non-cocaleros), considering that not all the population of the communities had coca, received a bonus, an economic payment, thought as a day’s pay for the eradication of coca, which was carried out manually. In this way, about 15,117 hectares of coca were eradicated.

As part of the socialization process and with the participation of the population, the technical team of the PDA, based on their needs, potential, and considering the market perspective, defined the major socio-economic infrastructure works to be executed; and the farming projects (cacao, coffee, palm heart, oil palm, banana), livestock (breeding of cattle, poultry, pigs, among others) and family fish farms.

The approach of implementation of investments was community-based and it was supported by local and regional governments. On one hand, local governments and private companies built socio-economic infrastructure works and, on the other hand, producer organizations and local companies implemented farming and livestock projects, being part of the value and business chains.

However, in the zone of Alto Huallaga, the CORAH – Ministry of Internal Affairs, from 2005 to date, has been eradicating, on a programmed basis, illegal coca leaf plantations. This eradication is manual. Only in the zone of Alto Huallaga, which comprises part of the regions of Huánuco, Ucayali and San Martín, it is estimated that more than 15,000 hectares have been eradicated.

From 2006 to June 2009, as PDA, we also facilitated a process of change in communities where the CORAH carried out the programmed eradication of their coca plantations, and likewise, after a socialization process, we encouraged them to not to grow and re-grow coca. Currently, about 137 communities involving approximately 8,000 families decided to stop growing coca, and they have also signed community agreements with the Peruvian Government, represented by DEVIDA and they are actively participating in the Programme, in which investments in economic and social development and change of behavior are made.

The major achievements in this period are:
• 719 infrastructure projects have been executed, including 197 schools, 112 drinking water systems, 15 medical centers, 147 multi-purpose establishments, 45 bridges, and 91 rural roads have been rehabilitated.

• About 48,119 families have received technical assistance in licit crops, such as cacao, coffee, cotton, corn and palm oil and pijuayo for palm hearts in more than 58,000 hectares.

• The Programme has invested around $30 million dollars in the rehabilitation of 90 kilometers of the important Fernando Belaúnde Terry road between Juanjui and Tocache, eliminating a big bottleneck and connecting thereby the communities of the jungle that are socially and economically isolated from the rest of the country.

• 27.8 million dollars in sales of cacao, coffee and oil palm have been reported in 2008 by leading organizations that work with the PDA and it has increased progressively every year. (table 1)

• More than 42 municipalities have been strengthened through technical assistance and administration training programmes.

• The regional government of San Martin, as a strategic ally, supports a series of actions of alternative development in San Martín. In addition, 4 agreements with the Regional Government of Ucayali are

### SALES OF PRODUCER ASSOCIATIONS SUPPORTED BY PDA-USAID (US$)

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
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</thead>
<tbody>
<tr>
<td>Cooperativa Agraria Cafetalera Oro Verde Ltda.</td>
<td>412.945</td>
<td>709.376</td>
<td>943.834</td>
<td>1,356.556</td>
<td>1,321.926</td>
<td>3,205.645</td>
</tr>
<tr>
<td>Cooperativa Agraria Cafetalera Divisoria Ltda.</td>
<td>56.569</td>
<td>33.000</td>
<td>195.529</td>
<td>399.243</td>
<td>1,185.304</td>
<td>2,143.997</td>
</tr>
<tr>
<td>Cooperativa Agroindustrial Tocache</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>26.224</td>
<td>86.751</td>
<td>441.514</td>
</tr>
<tr>
<td>Cooperativa Agraria Industrial Naranjillo</td>
<td>995.150</td>
<td>1,781.036</td>
<td>2,667.792</td>
<td>3,531.611</td>
<td>5,288.197</td>
<td>7,476.413</td>
</tr>
<tr>
<td>Cooperativa Agraria Cacaotera ACOPAGRO</td>
<td>418.180</td>
<td>376.883</td>
<td>472.294</td>
<td>870.120</td>
<td>2,177.758</td>
<td>3,503.546</td>
</tr>
<tr>
<td>Oleaginosa Amazónica S.A. (OLAMSA)</td>
<td>1,913.741</td>
<td>3,059.875</td>
<td>3,292.806</td>
<td>4,100.064</td>
<td>4,779.200</td>
<td>8,358.030</td>
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<tr>
<td>Asociación de Palmicultores de Shambillo (ASPASH)</td>
<td>0</td>
<td>0</td>
<td>513.200</td>
<td>1,031.339</td>
<td>1,461.577</td>
<td>2,709.705</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>3,795,584</strong></td>
<td><strong>5,960,170</strong></td>
<td><strong>8,031,454</strong></td>
<td><strong>11,315,158</strong></td>
<td><strong>16,300,716</strong></td>
<td><strong>27,838,851</strong></td>
</tr>
</tbody>
</table>
being implemented, to increase mainly area for the crop of cacao, coffee and oil palm mainly.

- New types of credit facilities have been designed, which will connect, for the first time, farmers and formal financial entities. Through alliances with entities such as Corporación Financiera para el Desarrollo (COFIDE), Banco de la Nacion, Caja Rural de Ahorro y Credito Luren, Maynas, San Martin, among others, that facilitate the access to credit for the expansion of areas, improvement of productivity and capitalization.

For the next three years, the Programme will continue its work strategy with a group of strategic partners, including: Regional and local governments, ministries and Peruvian State entities, cooperation agencies, non-governmental development organizations, producer organizations, and the organized civil society.

The purpose is to consolidate the change of behavior towards a licit life and generate a public opinion in favor of licit life, namely without coca and without drugs. The purpose is to contribute to the comprehensive development of the scope of work of the PDA. Work efforts focus on Economic Development, Social Development and change of behavior.

In Economic Development: we work trying to generate a higher income for farming families, respecting the environment and on a sustainable basis. For that purpose, the following is considered:

- Support with inputs and specialized technical assistance for the installation and maintenance of crops such as cacao, coffee, palm heart, oil palm, among others; which are integrated to productive chains.
- Increase of farming productivity associated to quality.
- Development of productive chains connecting all stakeholders.
- Specialized support for access to the market, business development and generation of added value and increase of sales.
- Strengthening of producer Organizations, in the technical, administrative, management, business and export aspects.
- Promotion of private investment in the zone
- Access to credit and financing.

In Social Development: we consider as key issues working on community development and local governance, generating better capacities and, most of all, management oriented to community self-management and improvement of the management of local governments for a better access to State resources, and to project implementation and management in order to generate better life conditions and quality in the communities where the Programme works. For that purpose, the following is considered:

- Generate confidence and develop community leaderships.
- Strengthen community social organizations.
- Facilitate community management and access to services provided by the State.
• Strengthen the management capacity of local governments (42) and access to more resources of the State and others.
  
• Support for the execution of small socio-economic infrastructure works
  
• Strategic alliances and coordination with regional governments.
  
• Promotion of gender approach.

In Change of Behavior towards a licit life: we seek to generate sustainable changes in the communities towards a licit life without coca and without drugs, as well as in the local, regional and national opinion in favor of a licit life. For that purpose, the following is considered:

• Communication platforms at community, local, regional and national level.
• Position the Programme, developing community and media strategies.
• Generate a work, public opinion and community communication platform in the work zones and at regional level.
• Generate a permanent and impact action nationwide favorable to alternative development and the changes that it is being achieving.

Key challenges facing AD-how institutions addresses challenges

The main challenges faced by the PDA in its scope of work, namely in the regions of Huánuco, Ucayali and San Martín are:

• In the last two to three years the growing of coca has increased between 4 and 5% in these zones; therefore, some cocaleros move to neighbor communities, with which the PDA works, to grow coca, distorting the economy and development that is being generated. To address this problem, the Programme continues supporting producers to improve their levels of production and expand new areas, so that, based on their results, they do not feel tempted to grow coca again.

• Involve, in a much more active way, local governments to support economic development processes, assigning its poor resources to farming and livestock production. For that purpose, the management, capacity building and preparation of projects is supported, to enable the access to new resources, especially to the resources of the State for infrastructure, productive projects and other areas.

• Strengthen the management of producer organizations with a business view. For that purpose, the Programme maintains strategic alliances with other cooperation agencies, private companies and State entities, to facilitate the presence of their leaders in international fairs which will enable them to make new commercial contacts for the sale of products under better conditions.

• Segment producers according to the crops they grow and the condition of their plantations to provide specialized and differentiated technical assistance, which will enable them to overcome limiting factors and obtain a better production.

• We promote the establishment of farmer associations, since a large percentage of farmers are not associated, namely, they have not joined any association. For
that purpose, the creation of producer committees and, in other cases, the direct joining to the organizations, are supported. The work of second level organizations such as the Asociación Nacional de Productores de Cacao (APPCACAO) and the Junta Nacional del Café (JNC), among others, is facilitated.

- We promote the generation of added value. For that purpose, support is provided with specialized guidance, including business plans, access to the market and financing sources.

- Expand farming areas at the producer’s expense. For that purpose, the Programme commits to provide technical Assistance.

- Consolidate the major progresses obtained in San Martín Region, which are known as SAN MARTIN MODEL and extrapolate this experience to other regions, such as Huánuco and Ucayali regions.

**Highlights of good practices, experiences and lessons learned (positive and negative) to be shared**

As part of the main lessons learned in this process of support to the PDA, we can highlight the following:

- The success of the PDA results from a group of interrelated actions:
  - Eradication of illicit coca leaf crops but on a sustainable basis by the State and based on which the State itself, with international cooperation, boost development actions.
  - With the eradication of coca trees and preventing re-growing and growing in new areas, the population and their authorities, local leaders and local government see alternative development as a good chance. The presence of coca distorts the economy and encourages an illicit culture. Alternative development generates a licit culture and around its achievements the social network in favor of development can be rebuilt.

- It is indispensable to always have the commitment of the population, their local authorities as well as of the local and regional government. In this way, the work becomes easier with the presence of the State. It is a mistake to let international cooperation work alone.

- Make investments in economic and social development, and environmental protection.

- Social infrastructure and economic development works implemented must have the approval of the population; and must also comply with the rules in force of the Peruvian Government to guarantee their use, maintenance and transfer to the relevant sector (education, health). In addition, the organized community should supply local materials and unskilled labor, being informed about the cost and the progress of the work. Commitment and responsibility from the beginning of the works are sought thereby.

- All productive projects should be analyzed with the participants and be market-driven. The contributions of the Programme should be
always specified, as well as the contributions of farming families, which may include local resources and family labor. The latter allows for technified maintenance of the plantation, harvest, post-harvest and commercialization. The cooperation should provide support with key inputs, materials and tools for the agronomic management of the plantation, but no crop should be installed without having analyzed the market issue.

- Food safety of the production and diversification of the farms should be considered. Here family food crops of direct consumption (cassava, rice, corn, bean) and livestock breeding are very important.

- It is important to build local capacities in the local population, authorities and authorities in order to improve their community self-management levels and relationship with the environment. In this way, they will be better citizens and they will have better negotiation capacities.

- Work should be done on the quality criterion linked to the market from the beginning of all productive activities. This enables to reach the market in better conditions and with a better price. It is a key element for small producers and in the extent that production volumes increase, to be driven to specialized markets, niches, fair trade, organic trade, among others.

- It is a key element to strengthen local organizations in technical aspects, administration and management, as well as their business vision, knowledge and access to the market, to negotiate the production in better conditions, so that the sale value of the production improves for the farmers. It is indispensable to use participatory methodologies such as “farmer to farmer” Field Schools (ECAS).

- Attract and take private investment to alternative development zones, but with companies with a sense of social responsibility. We should consider this issue carefully to prevent bad companies from defrauding and deceiving the population.

- Do not generate dependence by the communities. Teach, from the beginning, that it is them that must find alternatives to their problems, and that what the cooperation offers is an aid alternative, which should never intend to replace the State but strengthen its presence.

**Recommendations for future development and implementation of sustainable alternative development and illicit crop reduction programmes and international collaboration under South-South cooperation**

As a result of the experience gained during these last few years as a Programme, we propose the following recommendations:

- Promote the models already proven in the practice, showing successful results in some regions, as in the case of San Martín region, to replicate these experiences in other zones with similar
characteristics. In this way, resources and time could be saved, preventing the damages caused by coca and drug trafficking from continuing affecting the society.

• The actions promoted by Alternative Development should be negotiated with, informed to and consented by the different stakeholders: community, local and regional governments, in order to have their support, since otherwise these actions will not be sustainable.

• Productive investments must go together with the market. The market expedites the production and generates income that makes it sustainable in time.

• The actions promoted by Alternative Development should not generate dependence or be implemented under a paternalistic approach. They should promote the change in the population, prior building of their capacities. This change should encourage the respect of ecosystems and the environment.
PART 143

Conclusions of lessons learned from the International Expert Group Seminar and the field study to promote South-South Cooperation

Alternative development requires a comprehensive and multi-sectoral approach

Alternative development in both Asian and Latin American regions aims to provide socio-economic development and alternative livelihoods for opium poppy and coca bush cultivators. In Asia, most sustainable alternative development programmes incorporate overall community development dimensions including livelihood development and income generation, health, education, environment, rural infrastructure, community organization and empowerment. In Latin America, sustainable alternative development interventions incorporate political, social, economic and environmental development as part of an integral and sustainable strategy. Alternative development efforts are considered integral and sustainable when they are economically viable, with practical business plans, ecologically sound, socially just, culturally and anthropologically appropriate, and based on a scientific approach. Alternative development programmes are regarded as integral and sustainable when they are farmer-oriented and not considered solely as a reactive or exceptional measure to attain short term eradication goals.

Alternative development enhances human development and should be implemented through a people-centred approach

The lessons learned in Asia and Latin America indicated that, to be sustainable, alternative development has to focus on people. Investment in human development is considered crucial for sustainable development. Most alternative development programmes and projects presented in the seminar adopt a people-centered approach and directly involve local people in planning, prioritizing, implementing and monitoring the development in their communities. Experts from both regions generally agreed that alternative development is a specially focused type of agricultural and rural development. Although one of the outcomes sought from implementing alternative development programmes is
a reduction in illicit crops, the overall outcome should be an improvement in the social, economic and political environment of small farmer communities. Therefore, assessing results of alternative development interventions should be based on measuring the impact of the programmes on human development and other socio-economic factors. In order to achieve this, it was highlighted that well designed baseline surveys are required prior to project initiation.

Sustainable alternative development requires long term vision and commitments

It was recognized that alternative development is a complex development task and mostly takes place in remote and difficult areas where illicit crops are grown and, in some circumstances, political conflicts and insurgency are predominant. The implementation of AD programmes requires special efforts and determination. In addition, more time is needed for AD programmes to achieve significant and sustainable results given that a large majority of the world is based on agriculture. Therefore, it is important for AD to be supported through long-term commitment from the government and donor communities. It was highlighted in the seminar that investment in human and social capital takes more time than the lifespan of ‘ordinary’ development projects of three to five years. The premature closure of activities not only fails to deliver change, but more importantly fosters a lack of confidence between the community and development assistance.

Empowerment of farmer organization and associations plays a key role for sustainable alternative development

AD programmes in Latin America provide excellent lessons on farmer organization and empowerment as part of the strategies aimed at mobilizing local participation and ownership. The visits to various cooperatives and plantations in Peru indicated that strong farmer organization contributed to the achievement and sustainability of AD programmes. Both farmer associations and cooperatives play an essential role in planning and management of the production, processing and marketing of the AD products. In addition, they also exercise local political and negotiation power as part of the grass root movements. Furthermore, small farmer organizations, cooperatives or associations build economies of scale, allow for increased negotiation power and often times result in the disappearance of middlemen which ultimately brings a higher return in profits.

Micro credit and rural finance are essential for rural farmers to carry out alternative livelihoods

In order to reduce illicit crop cultivation and begin alternative income generation, poor farmers need to have seed money for investment in new products. Remote communities traditionally have no access to credit and other services. Bank or private loans carry high interest rates that poor farmers can not afford. Therefore, micro credit or any form of revolving fund is a necessary component of AD programmes. Local credit and revolving funds can also help individual farmers to organize themselves, to initiate saving schemes
and build their capacity on financial planning and management. Several AD programmes in Asia incorporate various forms of micro credit as well as revolving funds and assets including rice banks, seed banks, revolving community medicine funds, village savings and micro credit production groups. The identification and exploitation of speciality markets is also a key element in the Peruvian and Colombian AD programmes. Although this approach requires adherence to strict guides and particular regulations, the returns on investment are well worth the effort.

Market driven production is essential for sustainable alternative development

A common challenge for income generation activities in AD programmes is to gain access to the market. Despite intense efforts and hard work in licit crops production, farmers often have no access to local markets and therefore cannot gain income. An alternative and more effective approach would imply an accurate study of the market dynamics and demand before deciding to engage in any production and income generation activities. The Royal Project and the Doi Tung Project of Thailand place significant emphasis on marketing information and market driven production. In Peru, farmers in the AD programmes sell their farm products to their associations and cooperatives for further processing and marketing. As members of these associations and cooperatives, they gain additional income from the dividends of the shares.

Post harvest processing and post production technology add value to AD products and improve income generation of farmers

Due to the lack of value-added knowledge and technology, farmers in the rural areas normally sell their farm products as raw materials which generate low income in return. While the prices of opium and coca leaves are comparatively more attractive, this poses a serious challenge for AD products to generate sufficient income for the opium and coca farmers. AD programmes need to promote post harvest processing and technology to increase the value and marketability of the AD products. Post harvest processing can be done either on a small scale, e.g. in the form of family business for multiple cropping as implemented in many AD programmes in Asia or on a large scale in the form of mono cropping plantation as implemented in Peru. Although mono cropping may have advantages in the short and medium term, it was made clear that moving towards a diversified income stream (both farm and off-farm) is an important step in increasing the likelihood for sustainable income generation and food security.

General knowledge of narcotic crop production is perceived as valuable

In addition to lessons learned on AD, the exchange of knowledge and information on opium and heroin production as well as coca leaves and cocaine production in general was considered as essential since transcontinental trafficking is an increasing problem - in particular cocaine trafficking from Latin America to Southeast Asia. All delegations from Asia indicated that it was their first time visiting a coca field and learning first hand information from former coca farmers about coca leaves and cocaine production.
RECOMMENDATIONS

1. As sustainable alternative development is conducted with a comprehensive and multi-sectoral approach, achievement of interventions should not be monitored and measured only on drug indicators alone. All relevant human development indicators should be included in the assessment of achievement.

2. Planning and conceptualizing of sustainable alternative development programmes should have a long term vision and commitment in order to ensure sustainability of overall socio-economic development of the target communities. It is essential that governments, development agencies and the international community promote long term political and financial commitments.

3. To sustain AD efforts and to promote preventive alternative development, attempts should be made to integrate narcotic crop elimination into overall social and economic development and poverty reduction plans of the country. At the international level, narcotic drug reduction objectives and strategies should be mainstreamed into the broader development agenda. Cooperation and collaboration with relevant development agencies and international financial institutions should be promoted. Linking AD with the Millennium Development Goals would provide a favorable opportunity to broaden the resource bases and mainstream the AD objectives into broader development assistance.

4. When designing alternative development programmes in areas where security is problematic, crisis prevention, conflict management, and peace-keeping potential must be taken into account. Security factors could be a serious external risk that hampers successful implementation of AD programmes resulting in failed interventions.

5. A balanced approach for AD programmes is important addressing drug demand reduction, treatment and rehabilitation as well as the prevention of drug trafficking. In some cases, narcotic crop cultivation is driven by the consumption and trafficking demands.

6. Future innovative AD programmes should be based on a market driven production strategy, partnership with non-governmental organizations and private sectors as well as integration of AD interventions into the mainstream business and trade development. At the same time, rural infrastructure such as access roads, communication and transportation should be developed and rural farmers should be trained in business management, local entrepreneurship, small enterprise development and financial management in order to benefit from the on-going private sector and business development.

7. Future AD programmes should explore the possibility of improving value added and post harvest processing to enhance income generation of rural farmers. Micro credit
and revolving funds should be provided as appropriate to support the investment of the farmers.

8. Empowerment of local leadership and farmer organizations should be encouraged to strengthen participatory development processes and community mechanisms for planning and implementation of alternative livelihood development programmes.

9. Gender equality and gender sensitive development strategies should be promoted in the AD programmes in order to allow equal opportunities for men and women to participate in the planning and management of AD interventions.

10. Future AD programmes should support the overall sustainable development efforts and give significant emphasis and special consideration to the maintenance of environment and natural resources. The design and implementation of AD programmes should contribute to the sustainable use of natural and forest resources and the prevention of global warming and climate change. In future programming, Member States should look into taking advantage of promoting pro-poor development and biodiversity conservation through innovative programmes such as the Reducing Emissions from Deforestation and Forest Degradation (REDD).

Continuing efforts should be made to promote sharing of experiences, good practices and lessons learned on sustainable alternative development among concerned countries. The South-South Cooperation and overall international cooperation should be strengthened in order to forge closer collaboration for policy makers, technical experts, practitioners and farmer leaders who are involved in sustainable alternative development.
## ACRONYMS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACCORD</td>
<td>ASEAN and China Cooperative Operations in Response to Dangerous Drugs</td>
</tr>
<tr>
<td>AD</td>
<td>Alternative Development</td>
</tr>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>ADKN</td>
<td>Alternative Development Knowledge Network</td>
</tr>
<tr>
<td>ADP</td>
<td>Alternative Development Project</td>
</tr>
<tr>
<td>AIDS</td>
<td>Acquired Immune Deficiency Syndrome</td>
</tr>
<tr>
<td>AMDA</td>
<td>Association of Medical Doctors of Asia</td>
</tr>
<tr>
<td>APPCACAO</td>
<td>Asociación Peruana de Productores de Cacao</td>
</tr>
<tr>
<td>APROSAN</td>
<td>Asociación de Productores de Palmito y Frutas de Santa Lucía</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
</tr>
<tr>
<td>ASLUSA</td>
<td>Agroindustria Santa Lucía S.A.</td>
</tr>
<tr>
<td>ASPASH</td>
<td>Asociación de Palmicultores de Shambillo</td>
</tr>
<tr>
<td>AMI</td>
<td>Aide Medicale Internationale</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of South East Asian Nations</td>
</tr>
<tr>
<td>ATS</td>
<td>Amphetamine-Type Stimulants</td>
</tr>
<tr>
<td>AUC</td>
<td>Asociación de Auto Defensa de Colombia</td>
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<tr>
<td>CAC DIVISIONIA</td>
<td>Cooperativa Agraria Divisoria Ltda.</td>
</tr>
<tr>
<td>CADA</td>
<td>Comité de la Comunidad Andina para Desarrollo Alternativo Andean Committee for Alternative Development</td>
</tr>
<tr>
<td></td>
<td>Cuerpo de Asistencia para el Desarrollo Alternativo</td>
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<td>Body for Alternative Development</td>
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CAN  Comunidad Andina
              Andean Community
CCDAC  Central Committee for Drug Abuse Control, Myanmar
CDM  Clean Development Mechanism
       Kyoto Protocol
CICAD  Comisión Interamericana para el Control del Abuso de Drogas
       Inter-American Drug Abuse Control Commission
CIDSE  Coopération Internationale pour le Développement et la Solidarité
       International Cooperation for Development and Solidarity
CODEVA  La Convención and Lares Valleys, Peru
CORAH  Comité Especial para el Control y Reducción de Cultivo de Coca en el Alto Huallaga
       Special Project for the Control and Reduction of Coca Crops in Alto Huallaga, Peru
CNU  Counter Narcotics Unit, Lao PDR
CSW  Commercial Sex Workers
DCDC  District Commission for Drug Control Lao PDR
DEVIDA  Comisión Nacional para el Desarrollo y Vida sin Drogas
       National Commission for Development and Life without Drugs, Peru
DIRAN  Dirección Antinarcóticos
       Anti Narcotics Police, Colombia
DNE  Dirección Nacional de Estupefacientes
       National Narcotics Office, Colombia
ECAS  Escuelas de Campo para Agricultores de Cacao
       Farmer Schools for Cacao Producers, Peru
ECLA  Economic Commission for Latin America
ELN  Ejército de Liberación Nacional
       National Liberation Army, Colombia
ENACO S.A.  Empresa Nacional de Coca Sociedad Anónima
       National Coca Enterprise Anonymous Society, Peru
EU  European Union
FAO  Food and Agriculture Organization of the United Nations
FARC  Fuerzas Armadas Revolucionarias de Colombia
       Revolutionary Armed Forces of Colombia
FONCODES  Fondo de Cooperación para el Desarrollo
       Cooperation Development Fund, Peru
FWFP  Forest Warden Families Programme, Colombia
<table>
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<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GOEPU</td>
<td>Gobierno Regional de Ucayali</td>
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<tr>
<td>GTZ</td>
<td>Deutsche Gesellschaft für Technische Zusammenarbeit</td>
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<tr>
<td>HACCP</td>
<td>Hazard Analysis Critical Control Points</td>
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<td>HAMP</td>
<td>Highland Agricultural and Marketing Project, Thailand</td>
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<tr>
<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
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<tr>
<td>ICMP</td>
<td>International Illicit Crop Monitoring Programme (UNODC)</td>
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<td>IDB</td>
<td>International Development Bank</td>
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<tr>
<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
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<td>JICA</td>
<td>Japan International Cooperation Agency</td>
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<tr>
<td>JNC</td>
<td>Junta Nacional del Café</td>
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<tr>
<td>LCDC</td>
<td>Lao National Commission for Drug Control and Supervision</td>
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<tr>
<td>MDG</td>
<td>Millennium Development Goals</td>
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<td>MINAG</td>
<td>Ministerio de Agricultura</td>
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<td>MINDES</td>
<td>Ministerio de la Mujer y Desarrollo Social</td>
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<td>MRTA</td>
<td>Movimiento Revolucionario Túpac Amaru</td>
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<td>NAS</td>
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<tr>
<td>NCA</td>
<td>Norwegian Christian Aid</td>
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<td>NF</td>
<td>Nippon Foundation</td>
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<tr>
<td>NGO</td>
<td>Non-Government Organization</td>
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<tr>
<td>NGPES</td>
<td>National Growth and Poverty Eradication Strategy Lao PDR</td>
</tr>
<tr>
<td>NNCC</td>
<td>National Narcotic Control Commission Myanmar</td>
</tr>
<tr>
<td>NORAD</td>
<td>Norwegian Agency for Development Cooperation</td>
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<td>Organization of American States</td>
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<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>PBL</td>
<td>Pasta Básica Lavada (Washed cocaine base)</td>
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<tr>
<td>PCDC</td>
<td>Provincial Commission for Drug Control, Laos</td>
</tr>
<tr>
<td>PCI</td>
<td>Prevención de Cultivos Ilícitos (Illicit Crops Prevention, Colombia)</td>
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<tr>
<td>PDA</td>
<td>Programa de Desarrollo Alternativo (Alternative Development Programme)</td>
</tr>
<tr>
<td>PEAH</td>
<td>Programa Especial del Alto Huallaga (Alto Huallaga Special Programme, Peru)</td>
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<tr>
<td>PRRP</td>
<td>Protracted Relief and Recovery Operation, Lao PDR</td>
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<td>PRADICAN</td>
<td>Proyecto Anti-Drogas Ilícitas en la Comunidad Andina (Anti-Illegal Drug Proyect in the Andean Community)</td>
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<tr>
<td>RIP</td>
<td>Rapid Impact Plan</td>
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<tr>
<td>RRA</td>
<td>Rapid Rural Appraisal</td>
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<tr>
<td>SIMCI</td>
<td>Sistema de Monitoreo de Cultivos Ilícitos (Monitoring System for Illicit Crops, Colombia)</td>
</tr>
<tr>
<td>SOCODEVI</td>
<td>Société de Cooperation pour le Développement International (International Cooperation Development Society, Canada)</td>
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<tr>
<td>TPA</td>
<td>Terra People Association</td>
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<tr>
<td>UNAIDS</td>
<td>United Nations Joint Program on HIV/AIDS</td>
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<td>UNDCP</td>
<td>United Nations International Drug Control Program</td>
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<td>United Nations Development Program</td>
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<td>UNFDAC</td>
<td>United Nations Fund for Drug Abuse Control</td>
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<td>UNGASS</td>
<td>United Nations General Assembly Special Session</td>
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<td>UNHCR</td>
<td>United Nations High Commissioner for Refugees</td>
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<td>UNIDO</td>
<td>United Nations Industrial Development Organization</td>
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<td>United Nations Office on Drugs and Crime</td>
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<td>United Nations Trust Fund for Human Security</td>
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<td>USAID</td>
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