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Country profile



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Prepared by:

UNODC Country Office, Peru
Av Pablo Carriquiry 760
Lima 27
Peru
nombre.apellido@onudd.org.pe

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1. BACKGROUND AND OVERVIEW OF THE DRUG AND CRIME SITUATION

1.1 Miscellaneous information

Political structure (2002)

Official name: Republic of Peru

Form of State: Presidential Democracy

The Executive: The President is elected for a 5-year term, and may be re-elected for a single second term. The President appoints a Council of Ministers.

Head of State: The elected President is currently Mr. Alejandro Toledo. He was inaugurated in July 2001, having won a second-round election in June 2001. He will govern until 28 July 2006.

National legislature: Congress consists of a 120-member single chamber, which can be dissolved once during a presidential term.

Legal system: Courts of first instance in the provincial capitals; the Supreme Court sits in Lima.

National elections: October 1998 (municipal); April (presidential and congressional), June 2001 (presidential run-off) and November 2002 (regional, municipal). The next elections will be in 2006 (presidential and congressional).

National Government: President Alejandro Toledo leads the Government. His party, *Perú Posible*, with 45 of 120 seats in Congress, has formed alliances with the *Frente Independiente Moralizador* and *Renacimiento Andino*, and has also co-opted the congressman elected under the banner of *Todos por la Victoria*.

1.2 Economic background

The population of Peru was 26.7 million in 2001, of which 50.4 per cent was female and 74.5 per cent inhabited urban areas. United Nations projections suggest that the population will rise to 27.8 million by 2005 and 30.5 million by 2010. The rate of total population growth is likely to slow down from 1.7 per cent in the period 1996 to 2000 to 1.6 per cent in the period 2001 to 2005. It will decelerate even more towards the end of the decade. This will produce a steady rise in the average age of the population, from 21.6 years in 1995 to 24.7 in 2005 and 26.5 years in 2010. A decreasing dependency ratio and an increase in the participation of women in the labour market will make the labour force grow more rapidly than the population throughout the forecasted period.

Peru has a dual economy. There is a relatively modern sector on the coastal plains. A subsistence sector exists in the mountains and forests of the interior, which is isolated by poor transport and communications. Economic power has traditionally been in the hands of an elite sector of European descent.

Services account for 65 per cent of the GDP. Industry, including mining, accounts for 26 per cent and agriculture accounts for 8 per cent. Mining is important for the balance of payments. It provided 44.8 per cent of Peru's export earnings in 2001. Export earnings are expected to rise as new investments (particularly the huge Antamina copper and zinc mine) come into production. The

manufacturing industry is fairly diverse. To a large extent it is dedicated to consumer goods production — such as food, fish-meal, textiles and petroleum.

According to official statistics, the service sector employs 50 per cent of the economically active population in Peru. However, this figure conceals a harsh reality. Most of those working in the service sector suffer a precarious existence selling low-value goods in street markets or driving unlicensed taxis. The adjustment programme applied in the 1990s led to a sharp reduction in formal employment, which had already declined in the 1980s. Reductions in State bureaucracy and the privatization of former State-owned companies led to the loss of hundreds of thousands of jobs.

Peru is dependent on exports of primary products. These represent the bulk of its export earnings, with mining and fisheries production being the two major traditional export categories of the country. Mining exports have risen in recent years. This is a result of a high volume growth, especially in gold, whereas there have been falls in industrial, agricultural and fisheries exports.¹ When mineral and commodity prices are high, about three-quarters of foreign exchange earnings come from exports of minerals, fish-meal, oil and traditional semi-processed agricultural products such as cotton, coffee or sugar. This dependence on the export of primary products exposes the economy to shocks from volatile commodity prices and weather conditions.

During his controversial rule in 1990-2000, Mr. Alberto Fujimori succeeded (at a particularly high social cost) in reducing terrorism and hyperinflation. He implemented ultra-liberal economic policies, signed a peace treaty with Ecuador ending 150 years of conflict between the two countries and rephrased a peace treaty with Chile. His government was characterized by an authoritarian administration, using intimidation to subordinate the congress, the judiciary and most of the media.

Mr. Fujimori implemented a radical privatization programme, selling many public enterprises to international buyers. Proceeds of these operations have still to be accounted for. The public transportation system was dismantled, both at the municipal and at the national levels. National industry was not allowed to adapt to the suddenly changing priorities of a new environment and/or to compete with dumping practices and large-scale contraband. Unemployment soared. There was no will to develop a rural or agricultural policy and implement a coherent programme or strategy. Many rural poor were forced to migrate to the overpopulated and congested city of Lima or to rely on humanitarian food aid. Throughout his decade in office, Mr. Fujimori undermined the democratic institutions of the country and the separation of powers.

Regarding poverty, the latest INEI survey indicates that in 2001, 54.8 per cent of the Peruvian population was poor, with an income below the cost of the minimum food basket (US\$ 42 in the Amazon, and US\$ 75 in Lima). The extreme poor represent 24.4 per cent of the total population. In fact, poverty has increased by 7.1 per cent since 1997 and by 1.4 per cent since 2001.

Apart from extreme poverty, the most immediate problems now facing Peru include the lack of credible institutions and the rule of law, a high unemployment and underemployment rate, as well as weak banking and industrial sectors. The country relies on exports of raw materials and imports

¹ In 1994, Peru became the world's second fishing nation after China, with a total catch of 11.6 metric tons. It is also the world's leading producer of fish-meal, accounting for over 60 per cent of world's fish-meal exports. Fishing earned US\$ 1.1 billion in export earnings in 2000. This was principally through sales of processed fish-meal and through exports of canned, frozen and salted fish. However, the sector is vulnerable to climatic change. For example, in 1998 output plunged as a result of the warming effects of *El Niño* on the Pacific Ocean. Moreover, although fish-meal is not strictly a commodity, its price fluctuates in a similar fashion to commodity prices. It is generally linked closely with global soy prices, the other main source of animal feed.

most of its manufactured products. President Toledo announced that during his time in office, he would invest in education and basic infrastructure, to reduce poverty and income inequalities. In fact, he has defined the fight against poverty as the main goal of his government.

1.3 Political background

The current constitution, approved by referendum on 31 October 1993, establishes a presidential regime with a powerful executive, elected for five years. A 120-member single chamber legislature is elected at the same time as the President and sits for the same five-year period. Currently, centralization is very strong and regional and municipal authorities have little power, but a decentralization process is under way and regional elections have already taken place in November 2002.

Following the resignation of Mr. Fujimori and his two vice-presidents, the president of Congress at the time, Mr. Valentin Paniagua, became interim president on 22 November 2000. Mr. Paniagua ensured free and fair presidential and congressional elections in April and June 2001. On 28 July 2001, he transferred power to the newly-elected president, Mr. Alejandro Toledo. The cabinet of the new President consists of the President of the Council of Ministers, the Prime Minister and 15 ministers. There is only one female minister (Women and Human Development). The members of the cabinet are exchanged frequently, and this complicates long-term political work and processes.

As a result of the last presidential elections in 2001, the main political parties are:

- Supporting the Government: *Perú Posible* in alliance with the *Frente Independiente Moralizador (FIM)* and *Renacimiento Andino* and *Todos por la Victoria*.
- In opposition: the *Partido Aprista Peruano (APRA)*, *Unidad Nacional*, *Unión por el Perú (UPP)*, *Somos Perú-Causa Democrática*, *Acción Popular (AP)*, *Cambio-90/Nueva Mayoría* and *Alianza Electoral Solución Popular*.

The Government has committed itself to a process of decentralization. Regional and municipal elections were held on 17 November 2002. The governmental party, *Perú Posible*, won a majority in only one of the 25 regional departments. The opposition party, APRA of ex-president Garcia, holds a majority in 12 departments, as well as in most of the coca growing areas in the jungle. Presumably, this will further weaken the central government, which is already under great public and political pressure. The decentralization law was generally approved shortly before the elections. It regulates the framework, competence and financing of the regional governments. However, some aspects need still to be revised and decentralization is still in process of developing.

Since the end of the Fujimori government, Peru has been endeavouring to reinstall democracy, to reappraise the corrupt system of the Fujimori regime and to improve the human rights situation. During the transitional government of president Paniagua, the National Anti-corruption Initiative, the Truth Commission (examining thousands of alleged human rights abuses over the last 20 years) and the Constitutional Reform Commission were created. Peru was reinstated under the jurisdiction of the Inter-American Human Rights Court. The armed forces, the police and the judicial system have been reformed, restructured and many members had been released since April 2001. New heads of the army, air force and navy have been appointed. In May 2001, the president of the Supreme Court and nine senior judges were removed from their posts over alleged links with the former intelligence chief, Vladimiro Montesinos. Mr. Montesinos is held in prison and is charged with drug trafficking, arms dealing and human rights violations, among other crimes. An international arrest warrant has been issued against the former President, who is self-exiled in Japan.

1.4 Drugs and crime background

Peru is the largest country in the Andean region. It covers over 1.3 million km² of Andean highlands, subtropical Amazon forest (*selva*), and Pacific littoral. The climate in this highly variegated land is determined mostly by altitude and longitude. The highlands are cool and dry, the coast tends to be temperate in climate and the Amazon valleys are hot and humid. According to the National Institute of Statistics (INEI 2002), the population of Peru was 26.7 million in 2001. Almost a third of the population resides in Lima (the capital) and surrounding shantytowns. Some 28 per cent of the population live in rural areas, which is higher than the South American average of 21 per cent (United Nations Population Division, 2000).

Peru is a traditional producer of coca leaf. It was the major supplier of coca leaf for the illicit manufacture of cocaine in the 1980s and the first half of the 1990s. Coca-growing in some of the eastern valleys of Peru predates the arrival of Europeans by hundreds of years. It was used for chewing, medicine, and rituals. In the 1960s, the Government opened up the eastern Amazonian valleys to settlement with highway and other construction programmes. Large numbers of impoverished Andeans migrated to this area in search of a better life. Beginning in the 1970s, organized crime (responding to growing world demand for cocaine) promoted coca cultivation among the migrants. Coca spread quickly during the 1980s, especially in the Huallaga Valley. In that area, traffickers, guerrillas and peasant farmers soon were involved in a vicious scenario of shifting alliances. Peasant families became dependent on coca cultivation and processing as well. Abuse of cocaine paste or "*pasta básica*" and cocaine started to affect the population. The Government became concerned with the links between the illicit-drug industry and the *Sendero Luminoso* guerrilla group, which endangered political stability.

The subsequent strategy aimed at separating the coca farmers from the guerrilla movement. Fighting the drug traffickers proved to be successful. In contrast to the 1980s, a phased approach was used in the 1990s to meet these objectives. In the 1980s, the Government attempted to solve the problem of coca cultivation by means of eradication. However, this was not successful. New areas under cultivation exceeded those eradicated, and ever more farmers supported the guerrilla movement. The strategy was changed in the 1990s. The Penal Code was amended and the cultivation of coca (though not its processing) was *de-facto* depenalized in 1991. This reduced the support of the farmers for the *Sendero Luminoso* and enabled the Government to concentrate on fighting the guerilla movement. Once the threat was eliminated, the Government (as of 1995) concentrated on fighting drug trafficking, mainly by interrupting the existing air-bridge which the Colombian drug cartels had established.

Coca production decreased substantially from 1995 onward. By 1997, Peru ceased to be the world's largest coca leaf producer. It is now the world's second largest producer — still ahead of Bolivia but after Colombia.

These changes resulted from a combination of factors. First, the fungus known as *la seca-seca* (*Fusarium Oxysporum*) adversely affected yields. This caused a 50 per cent plunge in the profitability of the crop in some areas. Second, the Cali and Medellin cartels were dismantled, leaving the coca processing and trafficking activities in Colombia in the hands of smaller operators. To ensure a better control of the availability of raw material (hindered by air force control of clandestine flights), quality and cost, these new operators chose to grow coca in Colombia. The corresponding reduction in demand for coca leaf and paste in Peru largely explains the fall in farm gate prices that followed. These low prices discouraged many farmers from rehabilitating their coca plantations.

Soon drug trafficking in Peru was reorganized. Processing of coca paste into cocaine was developed. The national market expanded so it could act as a buffer to absorb export fluctuations. New export routes were explored and established. To a great extent, Peruvian coca activity became independent from Colombia. The process was, of course, encouraged by a sustained demand for cocaine in developed countries (some 850 metric tons per year), where initiatives to decrease consumption had not achieved the expected results. Their demand increased the price of coca leaf and kept it at a high level. The simultaneous sharp fall of traditional alternative product prices caused many peasants to go back to growing coca. Coca became the alternative to licit products with no market.

The overall level of criminal activity and violence in Peru is quite high by global standards. Organized crime is largely linked to drug trafficking. In contrast to the once large Colombian drug cartels, Peruvian drug traffickers have been organized into smaller compartmentalized groups, locally known as *firmas* (firms). Until the mid-1990s, Peruvian *firmas* were subordinate to Colombian drug cartels with hardly any international marketing contacts. Colombian representatives purchased coca leaf and coca paste, which had been processed in clandestine or guerrilla-protected sites in Peru. The coca leaf and paste were then collected on remote airstrips for shipment to Colombia. There they were refined into cocaine. In recent years, it has become increasingly difficult to export coca leaf to Colombia. Therefore, more and more laboratories emerged in Peru, where coca leaf is processed into *14básica* and cocaine. There are more than 20 major *firmas* operating in Peru. In addition, a large number of smaller trafficking groups are active in Peru. Coca leaf is collected from farmers by small groups of individuals on foot. They then carry small amounts of the coca leaf for processing into *pasta básica* or cocaine.

1.5 Drug control policy

The Peruvian Government signed all three United Nations drug conventions and adheres to the objectives set out therein. However, the Government has been applying a rather selective interpretation regarding the cultivation of coca leaf — which (since the penal code of 1991) is basically considered to be legal² though not its trafficking and processing. Thus, during the 1990s, the Government abstained from eradicating mature coca crops. It followed this course to avoid exacerbating the economic and social tensions in coca growing areas and therefore be held responsible for deepening rural poverty. By contrast, cultivation of opium poppy and cannabis is illegal and is subject to immediate eradication wherever detected.

Peru's main focus was on disrupting the air-bridge to Colombia. This led to a decline in coca leaf prices and thus to a large-scale "voluntary" abandonment of coca fields over the period 1995 to 1998. This policy proved to be successful from a drug control perspective. It is likely that more was achieved through voluntary abandonment than would have been by concentrating on forced

² At the international level, coca leaf is a controlled substance under the 1961 Convention. Peru is a party to all three UN drug conventions, including the Single Convention of 1961. Peru's legislation has been justified by the authorities *vis-à-vis* the international community on the grounds of a specific stipulation of the 1988 Convention. The 1988 Convention refers to *traditional uses* in the context of eradication (article 14, paragraph 2): "*The measures adopted [referring to eradication] ...shall take due account of traditional licit uses where there is historic evidence of such use...*". However, the 1988 Convention is far from condoning such uses. In the same article, the 1988 Convention makes it clear that "*measures taken pursuant to this Convention shall not be less stringent than ...under... the 1961 Convention*" (article 14, paragraph 1). Under the 1961 Convention, coca leaf is a Schedule I substance, together with cocaine, heroin etc. The production and use of these substances is to be "*limited to medical and scientific purposes*" (article 4 of the 1961 Convention) and, in the case of the coca leaf, "*for the preparation as a flavouring agent which shall not contain any alkaloids*" (article 27).

eradication (IDA, 1999). Instead of the Government, drug traffickers were seen as being responsible for falling prices. They lost credibility in the eyes of the farming community, while the authorities regained respect through alternative development initiatives.

However, the disruption of the transportation routes caused an increase of domestic availability — and thus consumption. Traffickers dumped the coca derivatives onto the domestic market. Demand reduction efforts became higher priority. However, these efforts did not prove to be sufficient for success.

As a consequence, eradication to reduce the areas under cultivation was re-introduced in the second half of the 1990s. Eradication has remained a delicate issue. Academics suggest that it might have contributed to the rising price of coca leaf in the late 1990s (IICA, 1999). Therefore, the impact of eradication remains a controversial topic.

Until the end of 1995, the eradication of coca fields was limited to seedbeds. This started changing in 1996. In 1997 and 1998, the Government stepped up its forced eradication of coca crops in national parks and other public areas. This resulted in a net eradication of 1,300 hectares in 1996, 3,500 hectares in 1997, and 7,800 hectares in 1998. During 1999, the Government broadened its interventions and increasingly eradicated coca at the level of small-scale farmers whenever there were indications of illegal processing (*pozas de maceración*) in the vicinity. In 1999, 13,800 hectares of coca bush were eradicated. In 2000, 6,200 hectares were eradicated. In 2001, 6,400 hectares were eradicated. In 2002, 7,100 hectares were eradicated. Eradication at the farm level is in line with Peru's international obligations. Nonetheless, in the eyes of the coca farmers, eradication appears to be arbitrary. The practice poses a risk for the Government in losing support among the farming communities.

The authorities have broad leeway in interpreting vicinity to processing units. Many coca farmers (though officially not committing a penal offence) may be faced with an unexpected elimination of their economic basis. Therefore, during the late 1990s, resistance against forced eradication increased. This will subside only when farmers can count on alternative income options.

In order to promote alternative development and demand reduction activities, and integrate them into the broader drug control context, the Drug Use Prevention Commission (CONTRADROGAS) was established in 1996. To underscore its importance, the commission is headed by a board that is composed of five Ministers appointed by the President. They are responsible for designing a comprehensive drug control strategy, and multi-sectoral coordination of alternative development and drug demand reduction programmes. They represent the Government in international efforts to fight drugs (Corbera, 1999). At the operational level, the executive secretariat of the commission is responsible for the implementation of policy. CONTRADROGAS established sub-offices in the main coca producing areas. These offices are staffed with liaison and monitoring officers, to ensure coordination among local actors.

With assistance from UNODC, and in response to the outcome of the June 1998 Special Session of the General Assembly in which Member States proclaimed the principle of “shared responsibility”, CONTRADROGAS formulated an ambitious “National Plan for Alternative Development and Drug Demand Reduction” (1998-2003). The plan covers a broad range of activities that supplement the interdiction efforts of Peru. Following the 1998 Brussels Donors Consultative Group meeting, 19 donors pledged a total of US\$ 270 million. To date, approximately 25 per cent of the funding has been received for alternative development efforts in Peru.

The transitional government of President Valentin Paniagua replaced some authorities. However, it

did not introduce major changes to the drug control strategy adopted by the Fujimori government in the 1990s.

In the second semester of 2001, the new Government of President Toledo took steps to restructure the governmental drug control commission CONTRADROGAS (since renamed DEVIDA). Changes aimed to improve and broaden multi-sectoral coordination, to enhance its political standing and to extend its agenda to other issues. These include interdiction, eradication, money-laundering and environment affairs. Additional ministries — such as the Ministries of Agriculture, Education and Internal Affairs — were included in its board of directors.

DEVIDA has developed a new 2002-2007 national drug control strategy based on principles of broad participation, long-term effort, shared responsibility and full respect of human rights. The strategy includes drug abuse reduction and rehabilitation, alternative development and environmental protection, law enforcement and drug trafficking and related crime control.

In September 2002, the Government initiated a “self-eradication pilot programme” to eradicate 7,000 hectares by the end of 2002. Respective coca growing communities decide whether or not to participate in the self-eradication programme. Participating communities in the programme execute the actual eradication themselves. The communities are supervised by the special project of Control and Reduction of Coca Crops in the Alto Huallaga valley (CORAH) and benefit from a six-month compensation programme. However, if a community decides not to participate, eradication is executed without compensation.

1.6 Crime

In October 2001, President Alejandro Toledo began to reinstate democratic processes. He announced the reform of the armed forces and the national police. Two restructuring commissions are examining the situation of the military and police institutions. These commissions will propose strategies for the modernization of the military and the police, ensuring that these institutions will be working under different and corruption-free conditions than those of the Fujimori regime.

Never before had such dimensions of corruption, control of the media, manipulation and extortion of officials of constitutionally autonomous organs been witnessed within the highest political spheres than during the Fujimori regime. Subsequent investigations implicate highest-ranking government officials. These include the ex-President, congressmen, ministers, members of the judiciary, members of the armed forces, among others.

The findings have been truly alarming:

- Over 516 people have been investigated;
- 134 judicial processes were initiated for corruption;
- 49 high-level officials were arrested and placed in penitentiaries;
- 321 preliminary arrests;
- Over 50 people have evaded justice with national and international arrest warrants; and
- US\$ 211 million were hidden in foreign bank accounts. It is estimated that only 20 per cent of the existing international accounts have been located.

Terrorism:

In the fight against terrorism, an alliance between drug trafficking and terrorism has recently become evident. The last factions of the *Sendero Luminoso* terrorist group are regaining strength in

the Apurimac-Ene river valley and other areas, in partnership with drug traffickers who supply them with arms and resources.

Since 2001, mayors and communal leaders have presented claims to Congress regarding this situation, demanding a greater Government presence in the area. Since then, there have been several minor terrorist incidents, and a number of terrorist squads have been detected by police forces. The major attack was a car bomb in front of the United States Embassy in March 2002. Concerning sentencing, there are currently over 380 male and over 50 female inmates with life-sentences in prison.

2. STATISTICS

2.1 General statistics summary

Indicator	Country value	Comparative aggregate average:	
		High human development	Developing countries
Human Development Index Rank (2001)	73/162		
Land			
Area of country (sq km) (1999)	1,285,220		
Arable land (sq km) (1999)	37,000		
Population			
Population (million) (2000)	25.7		
Population growth (%) (2000)	1.7	0.30	1.40
Life-expectancy at birth (2000)	69.3	77.30	64.50
Population age 15 and above (%) (2000)	66.5	80.50	66.60
Population age 15 to 24 (%)	20.2	13.60	18.60
Share of urban population (%) (1999)	72.8	78.1 (1998)	39.0 (1998)
Economic development			
GDP Growth (%) (2000)	3.1	1.00	2.50
GDP per Capita, current US \$ (1998)	2,611.0	21,770 (1998)	3,260 (1998)
GDP per Capita, PPP \$ (1999)	4,622.0	23,410	3,530
Trade: Imports as share of GDP (%) (2000)	17.9	21.7 (1998)	30.2 (1998)
Trade: Exports as share of GDP (%) (2000)	16.0	22.7 (1998)	31.7 (1998)
Share of agriculture in GDP (%) (2002)	7.6	2.5 (1998)	13.5 (1998)
Total foreign debt, % of GNP (1998)	52.9		42.80
Poverty and unemployment			
Population living below national poverty line (2001)	54.8		
Income distribution ratio (20% richest / 20% poorest)	11.6		
Unemployment rate % (open unemployment in the Metropolitan Area 2002)	9.8	7.0 (OECD) (1998)	
Youth unemployment rate		12.8 (OECD) (1998)	
Health			
Public expenditure on health (% of GDP) (1998)	2.4	6.2	2.2
Population with access to essential drugs (%) (1999)	60.0		
Doctors per 100,000 people (1992-1995)	93.0	246.0	78.0
AIDS cases per 100,000 people (1997)	49	99.1	28.9
Education			
Adult literacy rate (2000)	89.9	98.5	72.9
Combined enrolment ratio (primary, secondary, tertiary) (1999)	80.0	91.0	61.0
Radios per 1,000 people (2000)	273.0	1,005.0	185.0
Televisions per 1,000 people (2000)	148.0	621.0	162.0
Telephone lines per 1,000 people (2000)	64.0	524.0	58.0
Internet hosts per 1,000 people (1998)	0.19	4.97	0.26

Source: World Bank, UNDP, DESA, FAO

2.2 Drugs

Coca crop areas



	1997	1998	1999	2000	2001	2002
Cultivation of illicit crops (in hectares)*						
Opium poppy	N/A	N/A	N/A	N/A	N/A	N/A
Coca plants	68,800	51,000	38,605	43,400	46,200	46,700
Cannabis	N/A	N/A	N/A	N/A	N/A	N/A
Production in metric tons						
Opium poppy	N/A	N/A	N/A	N/A	N/A	N/A
Coca plants	130,600	95,600	69,200	46,248	49,260	52,549
Cannabis	N/A	N/A	N/A	N/A	N/A	N/A
Potential manufacture (in metric tons)						
Heroin	N/A	N/A	N/A	N/A	N/A	N/A
Cocaine	325	240	175	141	150	162
Seizures (in kg)						
Heroin	N/A	N/A	1	N/A	0	15
Cocaine	8,796	9,937	11,307	11,848	2,915	4,129
Lifetime prevalence of drug abuse (%)**						
Cannabis	N/A	4.9	N/A	N/A	N/A	5.8
Coca base (<i>pasta básica</i>)	N/A	3.1	N/A	N/A	N/A	2.1
Cocaine	N/A	1.3	N/A	N/A	N/A	1.8

* Sources: 1997 to 1999: United States Crime Narcotics Center (CNC); 2000-2001: UNODC.

** Preliminary figures. Data available only for 1998 and 2002, based on the DEVIDA/UNODC household survey, *Segundo Estudio Nacional de Prevención y Uso Indebido de Drogas 2002*.

2.3 Crime

Year	DIRINCRI Crime Investigation Directorate of the National Police Peru (PNP)			DIRANDRO Anti-drug Directorate of PNP		DIRCOTE Anti-terrorism Directorate of PNP
	Reported offences	Solved offences	Persons under arrest	Interventions	People arrested	Terrorist acts
1996	14,893	8,225	8,203	8,240	12,187	883
1997	14,846	10,830	2,089	9,741	14,319	681
1998	12,037	8,229	1,682	11,606	17,186	310
1999	9,385	6,775	1,510	11,457	15,577	114
2000	8,047	5,393	1,323	13,284	17,986	175

Source: National Police Peru (PNP).

2.4 Economic statistics

Demographic profile (millions)

	1995	2000	2005	2010
Population	23.53	25.66	27.83	30.52
Males	11.7	12.7	12.7	15.1
Females	11.8	12.9	12.9	15.4
Age profile (per cent of total population)				
0-14	35.9	33.4	30.9	28.6
15-64	59.7	61.8	63.8	65.6
65 +	04.4	04.8	05.3	05.8
Median age (years)	21.6	23.1	24.7	26.5
Young-age dependency ratio	0.60	0.54	0.48	0.44
Old-age dependency ratio	0.07	0.08	0.08	0.09
Working-age population (m)	14.05	15.86	17.75	20.02
Urbanization (% of total)	72.2	74.5	76.7	78.6
Labour force (m)	06.4	7.9	8.7	8.8

Source: UN population projections.

Imports: (US\$ million FOB)

	1996	1997	1998	1999	2000	2001
Consumer goods	1,847	1,910	1,884	1,432	1,446	1,567
Intermediate goods	3,237	3,437	3,386	3,006	3,655	3,606
Capital goods	2,417	2,816	2,602	2,133	2,109	1,911
Total (including others)	7,886	8,553	8,222	6,749	7,349	7,197
Memorandum items						
Imports into Tacna free zone	102	69	40	35	39	41
Principal food imports (a)	821	700	780	566	482	530
Wheat	231	189	182	157	151	179
Maize and sorghum	131	116	125	101	80	81
Rice	137	79	96	52	24	15
Sugar	105	75	128	74	41	50
Dairy produce	106	98	81	57	44	43
Soya	85	115	144	105	125	145
Meat	26	27	24	20	18	16

Source: Banco Central de Reserva del Perú (BCRP).

(a) Excluding donations.

**Trade: traditional exports by volume
(US\$ million)**

	1996	1997	1998	1999	2000	2001
Fish-meal	834.9	1,030.9	392.0	532.8	874.0	835.1
Fish oil	73.9	95.0	18.0	68.1	80.6	91.1
Cotton	30.2	32.1	4.0	1.6	5.0	4.8
Coffee	223.1	396.9	286.9	267.9	223.3	180.5
Copper	1,052.2	1,096.30	778.8	776.3	932.6	987.2
Tin	108.6	133.2	118.6	132.9	166.3	130.3
Iron (metric tons)	83.9	76.5	96.4	66.7	66.6	81.4
Gold ('000 troy oz)	579.3	500.1	928.5	1,192.5	1,144.7	1,166.2
Refined silver (m troy oz)	119.5	104.8	130.6	169.3	179.5	168.6
Lead	274.3	237.0	208.7	177.1	190.4	196.0
Zinc	400.8	539.3	445.2	462.4	495.8	419.4
Crude oil and derivatives (barrels m)	353.0	376.4	232.5	250.8	401.5	421.4

Total: BCRP.

Exports by economic sector 2000/2001 (US\$ million)			
Sector	2000	2001	Var. % 2001/2000
Total traditional	4,807.91	4,722.30	-1.8
Mineral products	3,200.80	3,166.75	-1.1
Fishing	954.20	926.08	-2.9
Petroleum	403.33	422.20	4.7
Agricultural products	249.58	207.27	-17
Total non-traditional	2,048.93	2,186.81	6.7
Textile	700.68	663.6	-5.3
Machine – tolling	93.18	154.37	65.7
Others *	1,255.07	1,368.84	9.1
Total	6,856.84	6,909.11	-0.8

Source: PROMPEX.

* Converted agricultural products, handicrafts (silver, wood, wool, fiber).

Balance of payments, International Monetary Fund (IMF) estimates (US\$ million)					
	1996	1997	1998	1999	2000
Merchandise exports fob	5,898	6,831	5,757	6,116	7,026
Merchandise imports fob	-7,884	-8,554	-8,219	-6,749	-7,349
Trade balance	-1,986	-1,723	-2,462	-633	-323
Exports of services	1,413	1,554	1,773	1,574	1,572
Imports of services	-2,097	-2,342	-2,434	-2,277	-2,355
Income: credit	612	727	786	651	739
Income: debit	-2,254	-2,193	-2,276	-2,233	-2,280
Transfers: credit	890	928	990	1,022	1,027
Transfers: debit	-8	-8	-11	-27	-8
Current-account balance	-3,430	-3,057	-3,634	-1,923	-1,628
Direct investment abroad	16	-84	-64	-128	n/a
Direct investment in Peru	3,266	1,781	1,905	2,390	680
Portfolio investment assets	-105	-251	-137	-228	-539
Portfolio investment liabilities	288	407	-224	-126	101
Financial balance	3,372	5,590	1,900	1,066	1,097
Capital-account balance	23	-49	-57	-54	-68
Overall balance	862	2,173	-1,362	-866	-130
Financing (- indicates inflow)					
Movement of reserves	-1,784	-1,493	1,142	985	329
Use of IMF credit and loans	--	149	-145	-147	-141
Exceptional financing	922	-829	365	28	-58

Source: IMF, IFS, no data available for 2001.

3. DRUG SITUATION

3.1 Cultivation and production of coca

UNODC has estimated the area under coca cultivation in 2000 at 43,400 hectares; in 2001, this was estimated at 46,200 hectares; and in 2002 at 46,700 hectares — a slight increase of 7 per cent between 2000 and 2002. These figures differ from the United States Crime Narcotics Center (CNC) (36,600 hectares for 2002), due to the methodology used. The United States employs imagery-based sample survey techniques³. The analysis of UNODC is based on a cartographic "tracing" of coca cultivation areas, using aerial photography 1:20,000 and satellite imagery spectral analysis. The

³ Coca-growing areas are determined on the basis of information from the field, low-resolution imagery, etc. Some 10 to 20 per cent of the determined "coca-growing areas" is selected using either random or systematic sampling methods. Photographic or satellite imagery of these sample areas are used to calculate "coca field" density and average field size. These data are extrapolated to each determined coca-growing area and give the estimated extension of coca cultivated. Production is derived by multiplying these estimates in each growing area by a yield factor derived from field reporting.

results of this exercise are checked in the field before maps are elaborated giving the actual position and dimension of coca fields in each valley.

The difference between the two methods can be explained by sampling errors inherent in any statistical survey. The fact that the determined "coca growing areas" used by CNC do not include areas of recent coca implantation ⁴ also contributes to differences.

Coca cultivation 1982 to 2001

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
Hectares	50,000	50,800		95,200	106,000	108,800	110,400	120,400	121,300	120,800
US\$/kg									0.75	1.45

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Hectares	129,100	108,800	108,600	115,300	94,400	68,800	51,000	38,700	43,405	46,232	46,700
US\$/kg	2.5	2.0	2.5	1.2	0.7	0.8	1.2	1.7	2.0	2.3	2.5

Source: UNODC Peru and CNC, United States Embassy

In 2001 and 2002, the largest yields of coca leaf were found in the Apurimac river valley, with an average of 2,200 kg per hectare. Crop management in this valley includes intense use of fertilizers and pesticides and planting in densities of over 150,000 plants per hectare. This results in a production easily exceeding 3,000 kg of dry leaf per hectare.

The lowest yields are obtained in the valley of *la Convención y Lares*, with production in the order of 400 kg of leaf per hectare. In this area, planting densities are only 25,000 to 40,000 seedlings per hectare with a minimum use of agricultural chemicals. The production of coca leaf is mainly for local markets for the traditional "*chacheo*" (chewing).

3.1.1 Cultivation and production of opium poppy

Opium poppy has also been illicitly cultivated in Peru during the last 50 years. Historically, cultivation of opium poppy has been practiced on a small scale, mostly in the department of Cajamarca. However, according to reports of the anti-drug police DIRANDRO, in recent years (1999 to 2002) poppy cultivation is expanding. Poppy eradication conducted by the police is also increasing. In this regard, no reliable data is available. Poppy fields have been detected in the departments of Cajamarca, Huanuco, San Martín, Amazonas and Piura. Seizures of poppy latex have also increased in frequency and volume, which confirms greater levels of productivity. The organizations dealing in poppy latex are apparently using different exit routes leading to the northern coast (Tumbes, Piura, Lambayeque), from where the latex is exported to foreign markets.

3.2 Manufacture

In 2002, the national production of coca leaf was calculated at 52,549 metric tons. Of this amount, an estimated 5,500 metric tons are channelled to traditional use (chewing) and 47,049 metric tons are destined to processing into washed coca base and cocaine. The potential production of final

⁴ In the Apurimac Ene Valley, one of the pre-determined "coca-growing areas", the upper valleys of the Acon, Llochegua, Mayapo, Otari, Pichari, Chirumpiari and Palestina rivers and highlands near Palmapampa (Monterrico), where numerous new coca fields have been recently planted, are not part of the "coca-growing area".

cocaine chlorohydrate that can be obtained by processing this amount of coca leaf is approximately 150 metric tons.

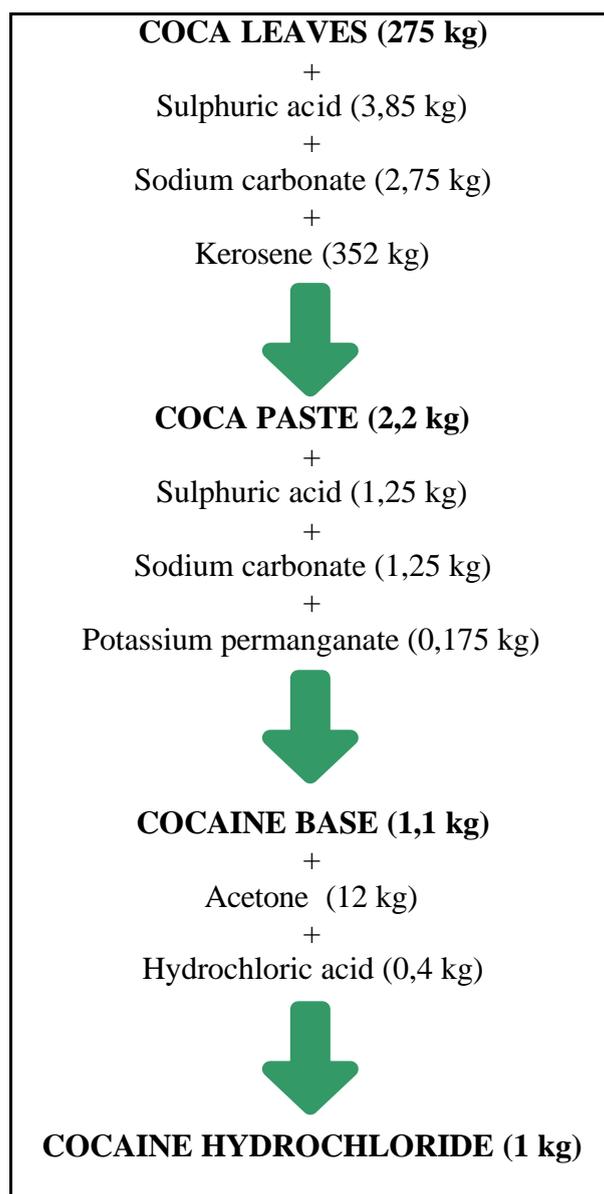
Since it became difficult to export dry coca leaf or paste to Colombia, processing facilities (laboratories) were developed in Peru. These are scattered throughout the country — in the coca-growing valleys as well as in the main cities. The use of portable laboratories to process cocaine hydrochloride has become particularly common in the central jungle area. From these laboratories, the drugs are transported via the rivers to the borders or to the northern coast. Some large-scale production of cocaine has also started in Lima itself. On average, 17 laboratories per annum were discovered and dismantled over the period 1994 to 1998. However, the number of laboratories discovered and dismantled has increased to 72 in 2001 and to 238 in 2002.

3.3 Trafficking

The Peruvian *firmas* have diversified their business contacts and trafficking routes during the past years. One of the main routes developed by the *firmas* in the late 1990s goes from the Huallaga valley via the cities (ports) of Chimbote and Chiclayo, located along the northern coast of Peru, to Ecuador and Mexico (and other stopovers). Final destinations are in the United States or Europe. Another route goes from the Huallaga valley via Lima along the southern Peruvian coast to Chile. The rivers of the Amazon basin, which are difficult to control, have become important drug trafficking routes as well. The fight against the expansion of coca cultivation and drug trafficking in Peru has been centred on three fronts: interdiction, eradication and alternative development.

3.4 Diversion of drugs and precursors

Some of the chemicals essential to the processing of coca base (lime and lye) are produced domestically. Nonetheless, large amounts of chemicals identified in dismantled laboratories were found to have been imported from abroad. For instance, potassium permanganate, acetone, ammoniac and sulphuric acid, organic solvents and chemicals for the processing of cocaine hydrochloride, are imported legally from North America, Europe, other South American countries and Asia. They are diverted and moved by land from the Pacific coast to the coca-growing areas. The Ministry of Industry (MITINCI) and the customs authorities, supervise the import of licit chemical inputs, as well as their distribution to firms and enterprises in the country. Whether these enterprises are using the chemicals for licit or illicit purposes and diversion, is out of the control of the Ministry. Furthermore, there is presumably heavy smuggling of illicit precursors and chemicals. However, in this regard neither data nor estimates are available. Smuggling and the entrance of



illicit precursors into the respective areas have apparently increased over the last few years. Land and aerial control measures were stricter, more effective and systematic in the 1990s.

3.5 Drug prices

The analysis of the evolution of prices for coca leaf and derivatives, shows three clearly defined periods — before 1995; 1995 to 1997; and after 1997. Before 1995, the expansion and growth of the area occupied by coca was constant as the worldwide demand for cocaine chlorohydrate increased. Until 1995, Peru supplied 60 to 70 per cent of the coca leaf and derivatives for international drug trafficking. The rest was provided by Bolivia and Colombia. The price paid for coca leaf and derivatives was higher than production costs.

As of 1995, Colombia significantly increased its coca cultivation area, placing Peruvian production in second place worldwide. This situation, aided by interdiction actions implemented by the Peruvian Government (deactivation of clandestine landing strips), inhibited new expansion of cultivation by slowing demand. This caused a consequent drop in prices.

During the period 1995 through 1998, the price of coca leaf became lower than production costs (less than US\$ 0.50 per kg of dried leaf). This resulted in the abandonment of fields in active production (according to United States authorities, up to 60 per cent of the total cultivated area).

Starting in 1998, local drug traffickers reorganized processing and export routes. At that time, the prices started to increase again (reaching US\$ 1.2 per kg of coca leaf). By 2000, prices reached US\$ 2 per kg of dried leaf. This trend continued into 2002, when prices averaged between US\$ 2.2 and US\$ 2.9 per kg of coca leaf. These improved conditions encouraged the rehabilitation of abandoned coca fields and the establishment of new crops with intensive cultivation methods.

Coca leaf average price an national level 1990 to 2001
(US dollars/kg)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
January	0.7	0.8	1.1	4.4	1.5	3.0	0.4	0.6	0.6	1.8	1.6	2.0	2.6
February	0.9	1.6	1.7	3.5	1.6	3.0	0.4	0.6	0.7	1.4	1.3	2.1	2.6
March	0.8	1.6	1.7	1.7	1.6	2.6	0.4	0.6	0.7	1.7	1.6	2.1	2.3
April	0.5	1.5	2.6	1.3	1.6	1.7	0.5	0.6	0.6	1.6	1.7	2.3	2.2
May	0.5	1.5	1.9	1.7	1.6	0.9	0.5	0.6	1.0	1.6	1.9	2.4	2.3
June	0.4	1.7	2.2	1.3	1.8	0.7	0.7	0.6	1.0	1.4	2.0	2.5	2.5
July	0.4	1.6	2.2	1.0	2.6	0.4	0.9	0.9	1.1	1.3	2.1	2.5	2.3
August	0.4	1.5	3.0	1.9	3.0	0.4	1.0	1.3	2.1	1.8	2.3	2.7	2.9
September	1.2	1.7	4.4	2.1	3.0	0.4	1.0	1.3	2.0	2.2	2.7	2.7	2.8
October	1.6	1.7	2.6	2.1	3.9	0.4	1.0	0.9	1.5	2.5	2.8	2.5	2.5
November	0.9	1.3	2.6	1.3	4.4	0.4	0.6	0.7	1.4	2.0	2.2	2.0	2.4
December	0.9	1.0	3.5	1.3	3.0	0.4	0.6	0.7	1.7	1.6	1.9	1.9	2.3
Annual average	0.8	1.5	2.5	2.0	2.5	1.2	0.7	0.8	1.2	1.7	2.0	2.3	2.5

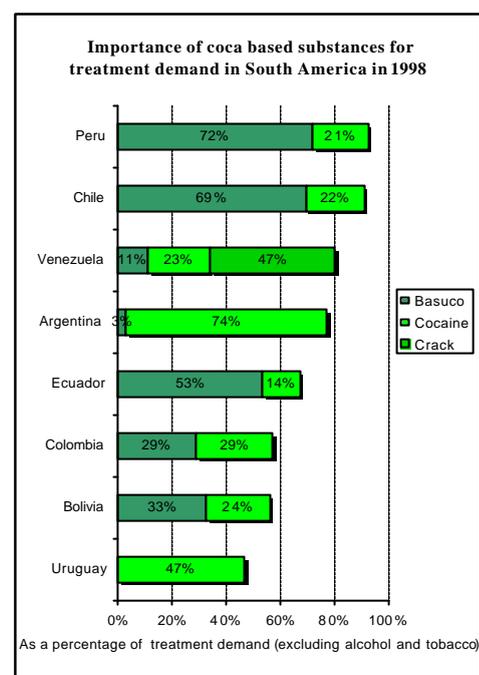
As in the case of coca, there is also growing activity in opium poppy production, which responds to various factors. The most important of these are the increase in external demand and the attractive prices offered (US\$ 800 to US\$ 1,000 per kg of latex). This is especially true when the price of licit export crops, such as coffee, falls below production costs (approximately US\$ 0.6 per kg).

In order to evaluate the impact of illicit poppy cultivation, in 2002 UNODC established a database to monitor its evolution. In a first phase, the sectors and localities were identified and geo-referenced through the use of remote sensing. In a second phase the areas occupied will be measured.

3.6 Demand

3.6.1 Consumption

Coca leaf has been part of the tradition and customs of the Andean peasants since ancient times. It was used for chewing, for medicinal purposes, in magical and religious rituals and for bartering. These applications by the descendants of the ancient cultures of Peru (Incas and others) are still considered to be of “legal traditional use” in Peru. There are currently approximately 1.7 million people chewing coca leaf in Peru (Cabienes, 1999) — some 10 per cent of the population 15 years of age and above. If the chewing of coca leaf has negative effects on health, is still a controversial subject among specialists. The Peruvian State recognizes it as being of “traditional use”, though it is not encouraged. Coca-chewing is not an issue in the national drug control agenda. The real problem concerns the derivatives of coca leaf: *basuco* (also known as cocaine paste or *pasta básica*) and cocaine HCL. They are by far the most abused addictive illegal substances in Peru, and account for more than 90 per cent of all drug-related treatment in the country.



While there is only partial data on the development of drug abuse in Peru,⁵ most indicators show that domestic drug abuse was increasing in the 1990s in both urban and rural areas. A great increase took place over the period 1995 to 1997, after the air-bridge to Colombia had been disrupted. As a result, local drug traffickers were looking for new routes, market outlets and distribution systems. This, therefore, increased the sale of *pasta básica* and cocaine in the domestic market on its way to the Peruvian coast and to neighbouring countries (the “spillover effect”). Local consumer prices dropped significantly. In 2002, 1 gram of pure cocaine could easily be bought for US\$ 4.00 on the streets of Lima. Thus, since the 1990s, drug use expanded across the country. It has reached all coastal cities.

Rising demand for specialized services for drug addicts is another indicator of a growing abuse problem since the 1990s. Despite an expansion in the capacity for drug treatment, demand for specialized care for drug addicts continued exceeding the ability to supply these services at the national level (DEVIDA, 1998). There was also an increase in the number of people arrested for drug possession (National Anti-drugs Directorate, 1998).

⁵ A major and highly reliable source of demand and prevention-related data is the National Survey of Prevention and Consumption of Drugs”, 1998 by DEVIDA and UNODC et al. A new epidemiological survey on the topic is in progress and due for 2002.

Drug abuse in Peru (ages 12 to 50) among the urban population in the 1990s			
	1992	1995	1997
Illicit drug	Lifetime prevalence (%)	Lifetime prevalence (%)	Lifetime prevalence (%)
All drugs	n/a	n/a	12.6
Cannabis	5.3	6.4	8.0
<i>Pasta básica</i>	2.8	3.1	4.7
Cocaine	1.3	1.9	3.2
Inhalants	2.4	1.3	n/a

Source: *Centro de Información y Educación para la Prevención de Abuso de Drogas (CEDRO), Epidemiología de Drogas en Población Urbana Peruana, 1997 and previous years.*

In order to obtain a more complete picture of the nature and trends of drug abuse in Peru, UNODC provided assistance to a number of institutions in designing epidemiological drug abuse surveys. These institutions included the Ministry of Education and DEVIDA. A national household survey was implemented. It was designed to provide results that could be directly compared to similar surveys undertaken in 1998/1999 in Argentina, Bolivia, Chile and Uruguay. This Peruvian survey was conducted in December 1998.

Drug abuse in Peru, as compared with other countries, is high for *pasta básica*. Levels of cocaine use in Peru are similar to those of Bolivia or Chile (see the following table). However, cocaine use in Peru is less than that reported from the consumer markets of Argentina, Western Europe (0.7 per cent on average, but as high as 1.7 per cent in Spain) or the United States (1.7 to 3 per cent). If *pasta básica* and cocaine are combined, abuse levels in Peru exceed those of Western Europe. By contrast, use of cannabis in Peru is the lowest of the five South American countries investigated (Argentina, Bolivia, Chile, Peru and Uruguay), and it is lower than in most other parts of the world. Use of inhalants and tranquillizers, though increasing and far from negligible, is below the South American average. Ecstasy and other designer drugs have recently gained acceptance among youth and are closely associated with nightlife and social amusement.

**Annual prevalence of substance abuse in urban centres
Ages 12 to 64, in Peru and other South American countries in 1998/1999**

	Peru	Bolivia	Chile	Argentina	Uruguay
Cannabis	0.8	1.1	2	3.7	1.2
<i>Pasta básica</i>	0.6	0.3	0.4	0.4	-
Cocaine	0.5	0.4	0.4	1.9	0.4
Inhalants	0.4	0.8	n/a	0.6	-
Tranquilizers	2.4	1.8	12.5	n/a	7.4

Source: *Encuesta Nacional de Prevalencia, 1998/99, implemented within the project "Sistema Subregional de Información sobre el Uso Indebido de Drogas", 2000.*

Life prevalence for drug consumption in Peru

Substance	Number	%
Marihuana	496,006	4.9
Cocaine base or <i>pasta básica</i>	312,998	3.1
Cocaine	128,247	1.3
Inhalants	135,389	1.3
Tranquilizers	486,824	4.8

Source : CONTRADROGAS/INEI/UNDCP 1998.

According to the epidemiological study carried out by CONTRADROGAS-INEI-PNUFID in 1998, lifetime prevalence for the group 12 to 64 years of age are as follows: cannabis, 4.9 per cent; cocaine base or *pasta básica*, 3.1 per cent; and cocaine, 1.3 per cent. It is estimated that 313,000 people are potential dependents of cocaine base, and approximately 128,000 people are potential cocaine dependents.

The prevalence of drug consumption is and has always been greater in Lima than the rest of the country. However, the most recent study shows that consumption is increasing in cities of the Amazonian forest or *selva*. In this region, consumption is almost three times higher than that of Lima — 9 per cent of the population. In Lima it is 3.2 per cent. Another important finding relates to the prevalence of consumption of tranquilizers, which is 4.8 per cent of population. This shows that in the *selva* region consumption is higher than in other regions.

The same trend is observed in the consumption of inhalants. The consumption of inhalants in the *selva* region (4.4 per cent) is almost four times higher than in other regions (1.3 per cent). Consumption in men is almost 10 times higher than that of women. The consumption rate in men is 9.6 per cent for marijuana, 5.9 per cent for *pasta básica* and 2.5 per cent for cocaine. In women, consumption is under 1 per cent.

Cannabis is still the most used illicit drug. First-time consumption is usually by teenagers and the highest level of consumption is reached between the ages of 20 and 40. Among the school age population, it was found that males raised in homes characterized by family conflict and violence are more inclined to consume drugs.

Pasta básica consumers are mostly men, starting also as teenagers and continuing into adult life. Consumption rates increase as social positioning of individuals decreases. Cocaine consumption shows a higher life prevalence starting in the late teens and during adulthood. Men are the major consumers — 12 times higher than women. Consumption tends to increase at higher social positioning and at higher education levels.

Additional factors that increase consumption are reduction of prices and easy access. Some 35 per cent of the interviewed population stated that they could acquire drugs in their own neighbourhood. Some 40 per cent buy in another neighborhood nearby, and 25 per cent buy in other districts farther away. Illegal drugs can even be purchased at home by calling suppliers by telephone.

Concerning lifetime prevalence, according to an epidemiological survey conducted by the Ministry of Education/UNODC carried out at schools with primary students, it was found that: 10 out of 100 primary school students have had experience with alcohol; 3 out of 100 with tobacco; 11 out of

10,000 with inhalants; 7 out of 10,000 with marijuana and 4 out of 10,000 with cocaine. The beginning age of consumption for all substances averages close to 9 years of age.

Another survey was carried in 2001 by CEDRO for a population between 12 and 64 years in 7 major cities. This study confirms that there is a general increasing trend of cannabis and cocaine consumption and a slight decrease of consumption of *pasta básica* or *basuco*. A new survey at the national scale (PNUFID/DEVIDA/INEI) is now underway.

Prevalence of drug use in the Peruvian population in seven cities

	Life prevalence marihuana %	Life prevalence cocaine base %	Life prevalence cocaine %
Total consumption	6.1	2.4	2.0
Low socio-economic level	5.7	2.5	1.9
Middle/upper socio-economic level	11.8	1.1	3.6

Source: CEDRO 2001 – Area of Investigation.

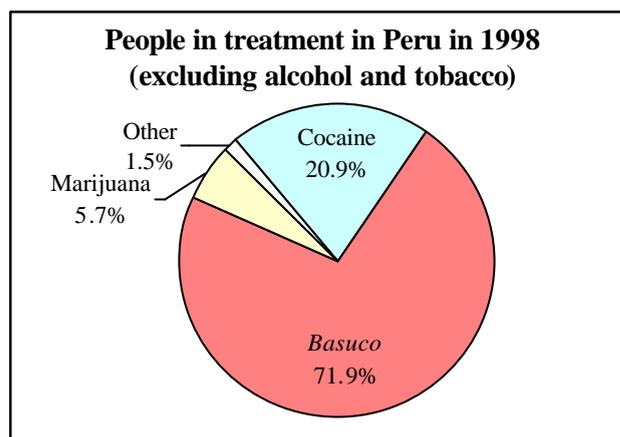
Drug Consumption Prevalence Drug Consumption and Prevention National Survey 2002

Once in a lifetime	Number	Percentage
Alcohol	11,329,481	94.2
Tobacco	8,285,781	68.0
Cannabis	691,921	5.8
Cocaine base	251,693	2.1
Cocaine	210,783	1.8
Inhalants	115,411	1.0
Tranquilizers	777,289	6.5
Synthetic drugs	26,405	0.2

3.6.2 Treatment and rehabilitation

Rehabilitation, treatment and social reinsertion are carried out through four state-run specialized institutions: National Institute Honorio Delgado – Hideyo Noguchi; Larco Herrera Hospital; Hermilio Valdizán and the Ñaña Rehabilitation Centre, *Instituto Peruano de Seguridad Social*. Private health centres, therapeutic centres with and without professional personnel also carry out these functions. Between 2000 and 2002, some 19,370 people received treatment and rehabilitation. In 2001, over 3,000 patients were treated (the majority men) and about 7,300 people were treated in 2002. Approximately, US\$ 993,220 was invested during this three-year period. The modalities of out-patient, in-patient and day and night clinics are offered. Some 61 per cent of the patients receive out-patient care, and 38 per cent are hospitalized. There are currently four out-patient care centres or therapeutic communities “CADES” — Miraflores, Comas, Callao and Barrios Altos. These centres offer care to patients over 16 years of age. They were created with the support of the communities, local governments, private institutions and international cooperation. The multi-

disciplinary teams that provide attention in these institutions comprise psychologists, psychiatrists, nurses, doctors and others. Therapeutic communities are widely used. They provide an in-house treatment modality. It consists of rehabilitation and social reinsertion of drug dependent patients. This promotes a lifestyle free of drugs (CONTRADROGAS/NAS1998). Currently, there are some 130 therapeutic communities. Of these, only 40 are formally established and authorized by the Ministry of Health as complying with the requirements of current legislation. However, in recent years a favourable tendency has been observed towards the formalization of the centres.



Source: Inter-American Drug Abuse Control Commission (CICAD), *Resumen Estadístico sobre Drogas*, 1999.

The Government is trying to improve this informal situation and has approved decree N.06-94 (13 December 1994) “ruling the standards for drug abuse care centres”; RM-0407SA/DM of 7 September 1997 “complementary rules to authorize the operation and supervision of drug abuse care.

The majority of centres treat adults. Only 10 per cent provide treatment for children. There is no specialized centre for treatment of adolescents. There are approximately 3,000 patients — 89 per cent of these are adults and 11 per cent children. There are only two therapeutic centres especially for female drug consumers.

In-house treatment has a duration of between 6 months to 1 ½ years. Different therapeutic approaches are used: 66 per cent use the religious/spiritual approach, 56 per cent use 12 steps, 51 per cent use the Daytop approach, 38 per cent use cognitive behavioural therapy and 28 per cent the UOMO model.

Almost half of the centres carry out reinsertion and post-treatment programmes. With the absence of these programmes in 53 per cent of the centres, there is a relapse risk factor in patients who have completed the treatment period.

3.7 Costs and consequences

The growth of domestic drug abuse during most of the 1990s further compounds the social problems of Peru. The greatest increase in the negative consequences of drug consumption, as shown in the Drug Abuse Trend Index, are related to the consumption of cocaine HCL, followed by *pasta básica* (*basuco*).

However, to some extent Peru has been spared the drugs-HIV/AIDS link. This is mainly due to the fact that there is little use of injected drugs. UNAIDS estimates 50,000 HIV/AIDS cases in Peru (1999), or 0.35 per cent of the population between 15 and 49 years. In December 2002, 13,000 persons with AIDS were reported. This is below the Latin American average (0.5 per cent) and below the global average (1.1 per cent). Most cases appear to result from sexual transmission.

By contrast, drug-related violence remains a critical issue. Links between drug traffickers and terrorists since the 1980s damaged the authority of the Government in the coca-growing areas. This

impeded broad-based developmental efforts in many of these regions. Currently, the increasing cooperation between *Sendero Luminoso* and the drug traffickers on one hand and the weak presence of State institutions in the coca growing areas on the other hand, is a matter for concern.

The existence of a coca industry appears to have contributed to destabilizing the economy. There has been a decline in the production and exports of traditional goods. Much of the funds generated from the coca industry go into imports. The funds also go to the supplying markets outside the coca growing regions. This further weakens domestic production.

Deforestation, erosion and disposal of toxic chemicals resulting from the production and processing of coca have been causing ecological damage in the coca-growing areas. However, the overall impact on the political system (political parties, Government, army, police, etc.) and attempts to infiltrate it, seem to have been less than in some other countries of the region.

4. CRIME SITUATION

4.1 Main characteristics

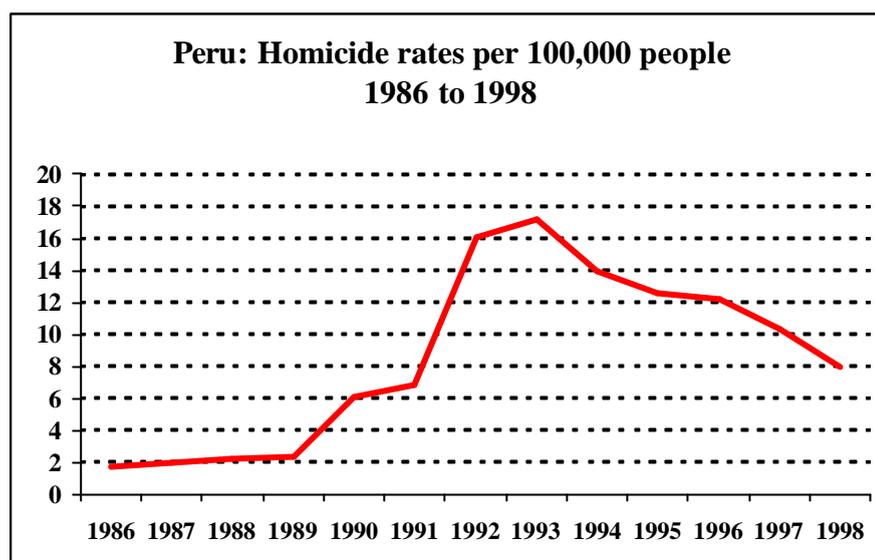
Changes in crime levels in Peru have been closely linked to economic, political and social changes within the society. Reported levels of crime in Peru do not provide an adequate description of actual crime levels, given that some areas have not reported data and that citizens (as in other countries) do not report all crime incidents. Nevertheless, official crime data showed dramatic increases in crime throughout the 1980s, in line with the country's recurring economic and political crises. Official police figures (although thought to under-report the actual extent of crime) showed an increase of approximately 18 per cent between 1980 and 1986 in incidents of crime. A victim survey carried out in 1999 found that 7 out of 10 Peruvians have been victims of crime. This suggests that official data may significantly undercount the actual extent of crime.

Homicide figures are generally considered to be more accurate than other crime data. An analysis of homicide figures suggests that crime levels in Peru, and within Lima itself, have not reached the those of some of the most violent cities of Latin America. Cali, with 112 cases per 100,000 people in 1995); Sao Paulo with 49.1 in 1994; Rio de Janeiro, 78.1 in 1994; and El Salvador, 89.8 in 1995 show significantly higher homicide rates than Lima with 28.19 incidents of homicide per 100,000 persons in 1995.⁶

The recorded homicide level for Peru for the period 1995 to 1997 was approximately 12 incidents per 100,000 citizens. This rate suggests that while Peru has a problem of violent crime, it is not as great a problem as in countries such as Russia, Colombia or South Africa. Those countries suffer serious homicide levels of above or close to 20 incidents per 100,000 of their citizens. However, the available data does suggest that the level of violent crime in Peru (as represented by the homicide rate) has increased significantly over the last decade. It is approaching the very serious levels of the early 1990s. The following graph provides insight into the country's homicide trends.⁷ As shown in the graph, Peru's homicide level peaked in 1994 and has declined thereafter.

⁶ *Instituto Apoyo*, Criminal Violence: Studies in Latin American Cities – The Case of Peru, 10 August 1999.

⁷ Ibid. Data reported by the Peruvian Government to UNODC's Survey on Crime Trends and Criminal Justice's Systems has also been used.



The poor quality of data makes a more detailed review of crime levels, other than homicide, difficult. However, overall the occurrence of crime can be categorized into three groups:

- *Organized transnational/national crime.* This is mostly related to drugs and arms trafficking, money-laundering, etc. It is carried out by well-organized groups, sometimes involving government officials.
- *Street crimes:* These include assaults, attacks, robberies, small-scale drug peddling, racketeering, etc. This is usually carried out by single or isolated individuals
- *Juvenile delinquency:* This includes assaults, attacks, robberies and street violence. It is carried out by juvenile gangs.

While organized crime is discussed in greater detail elsewhere in the report, the issue of street crime, most notably in Lima itself, remains of concern. The following table represents incidents of street crime for only one month — both for the city of Lima itself and for Peru as a whole. It is clear from this data, and despite data recording problems outside of the capital itself, that street crime in Lima represents a significant proportion of the national total.

Registered street crime November 2002

Type of crime	Crimes in the provinces	Crimes in Lima	Total
Armed robbery	547	374	921
Car theft	0	355	355
Homicide	69	26	95
Hijacks	9	6	15
Rape	65	24	89

Source: UN-Lima Security Office

A detailed review of Peru's recent anti-crime efforts suggest that little attention has been given to the prevention of crime, with detailed methods of analysing and mapping incidents of crime in police jurisdictions still in its infancy.⁸ In the 1980s, the police agencies of the State were restructured in an attempt to reduce overlap between various agencies and to improve efficiency.

⁸ Ibid.

The primary aim of the restructuring related to improving the ability of the police to fight drug trafficking and terrorism.

Effective coordination between the various bodies dealing with crime prevention and control remains a problem. A special committee on public security created by the Government recently concluded that there are still too many gaps concerning an integrated approach and policy to face this issue. There is no central coordination with local governments, police forces, the office of the Attorney General and civil society. As already indicated, there are no studies on social violence or detailed crime data and analysis available.

Since 2001, reforms have been implemented to counter the high levels of corruption within the ranks of the national police. These include replacing the chiefs of police, expelling corrupted officers and implementing institutional and legal actions to modernize and improve the monitoring of its members and functions. Because public perception of police officers is poor, the national police have just begun a campaign to improve its image, to regain public confidence and trust.

The poor efficiency of the police forces to control crime and safety has led to the creation of private security forces at the municipal level. Every district in Lima has its own security force or “*serenazgo*”, whose mission is to patrol streets and assist the local population on security issues. Most “*serenazos*” include a police officer.

Apart from high levels of crime and the public’s response to it, an issue of ongoing concern is also that of corruption. Cases of corruption committed during the Fujimori government are now being investigated. By August 2000, it was common knowledge that part of the Government had been involved in illicit arms trading. Weapons had been bought in Jordan and later sold to Colombian terrorists. Since November 2000, corruption involving ex-President Alberto Fujimori, ex-presidential adviser Vladimiro Montesinos and others has been denounced. The cause was the scandal of illicit weapons trafficking, destined to the Colombian FARC guerrillas, as well as the videotapes on public TV, showing Mr. Montesinos bribing members of congress. By bribing the congress, Mr. Montesinos intended to secure and reinstall the majority therein. However, shortly after, Mr. Fujimori dissolved the intelligence service commanded by Mr. Montesinos and resigned. That was the end of a relationship between Mr. Fujimori and Mr. Montesinos, initiated in the presidential elections of 1990. The specific issue of corruption is examined in greater detail below.

4.2 Corruption

Corruption in Peru was systematic under the Fujimori government. Institutions were abused for political purposes and personal gain. Corruption in Peru implied the “capture of the State” (Hellman, Jones and Kauffman, 2000) — not only by private business, but also by a political mafia, which in turn favoured and associated itself with private business.

The Fujimori-Montesinos regime used corruption to maintain power. In order to achieve his objectives, Mr. Montesinos bribed congressmen, businessmen, the media, high-ranking officials of the armed forces, electoral officers and members of the judiciary. This complex corruption network was based on a centralized national system. In this system, the most important sources for accumulating personal wealth were State acquisitions and contracts (especially arms deals), money-laundering, drug trafficking and extortion.

According to investigations, there were different types of illegal transactions. The first, operational cash flow, was extracted from State funds through budgetary reductions. The navy, army, air force and national police transferred respectively US\$ 1 million per month to the National Intelligence

Service. Also, other State institutions (such as the judicial power, the electoral system, mass media, etc.) had been bribed. Furthermore, members of Montesinos' organization received illegal commissions from the purchase of equipment and military planes, the military and police pension fund, bribes for intervening in judicial processes and from quotas from drug trafficking.

Although bank accounts belonging to Mr. Montestinos have been discovered abroad, no accounts have as yet been found belonging to Alberto Fujimori. However, all evidence shows that Mr. Fujimori received large amounts of money in cash from illegal sources that could have been channelled to bank accounts in Asia.

Apparently, most commanders of the armed forces were involved in the movements of operational cash flow and some of them in the movement of illicit commissions. This shows the level of infiltration into the armed forces by the criminal organization. Substantial progress in the investigations of the Fujimori-Montesinos system has been achieved through a law reducing sentences in exchange for cooperation and information.

One consequence of corruption is the high economic cost to the country. Corruption has affected economic growth, public investment, economic efficiency and disbursement of public expenditures. The economic effects of corruption in Peru can be estimated as a loss of US\$ 1,800 million of the GNP, loss of more than 160,000 jobs, and a high poverty level.

4.3 Terrorism

Since the beginning of the 1980s, Peru has had to deal with guerrilla groups. These include groups such as the *Sendero Luminoso* and the MRTA (*Movimiento Revolucionario Tupac Amaru*). It is estimated that 25,000 people have died as a consequence of terrorism — most being civilians from the countryside. The social and economic losses are estimated at more than US\$ 20 billion.

During the 1990s, Peru developed a judicial framework to confront terrorism and to guarantee internal security. An offensive military strategy against terrorism was set. In 1991 and 1992, the main leaders of the MRTA (Polay Campos) and the *Sendero Luminoso* (Abimael Guzman) were captured. This led to the disabling of the terrorist groups. During these years, massive acts of violence were committed by the terrorist groups as well as the military forces. Under the current government, these acts are being investigated by the Commission of Truth and Reconciliation and the Attorney General. Many new cases, hidden for long time, are still being brought forward, showing the dimensions of the violation of human rights during that period.

At the beginning of the 1990s and especially since 1992, the Government set up an emergency penal system, which increased sentences for terrorists. For the first time, it created life sentences for certain terrorist acts and maximum-security prisons were established for terrorists.

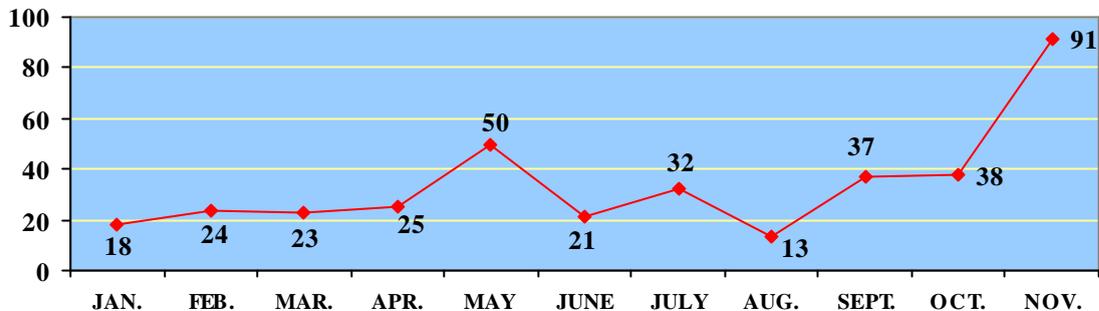
Terrorism was never completely put out of action. During the political turmoil of 2002 and 2001, it regained strength (particularly in the rural areas around the coca growing fields). Despite the fact that its main leaders are in prison serving life terms, Shining Path (*Sendero Luminoso*) has maintained some subversive actions ranging from non-violent to direct attacks.

One of the most significant terrorist attacks in Peru during 2002 occurred when a powerful car bomb exploded near the United States Embassy in Lima, three days before a visit by President Bush. Ten people died and another 30 were wounded in the blast. It is not known who had planted the bomb, which exploded outside a bank in a shopping centre across the street from the embassy. In 2001, Peruvian authorities had, however, foiled an attack on the US Embassy by the Shining Path.

Subsequently, in May 2002, Peruvian security forces arrested three leftist militants. Two of those arrested were female — both reported to have been long-time members of the Shining Path.

In a significant move, in May 2002, the European Union added numerous groups to its list of banned terrorist groups. This included the Shining Path.

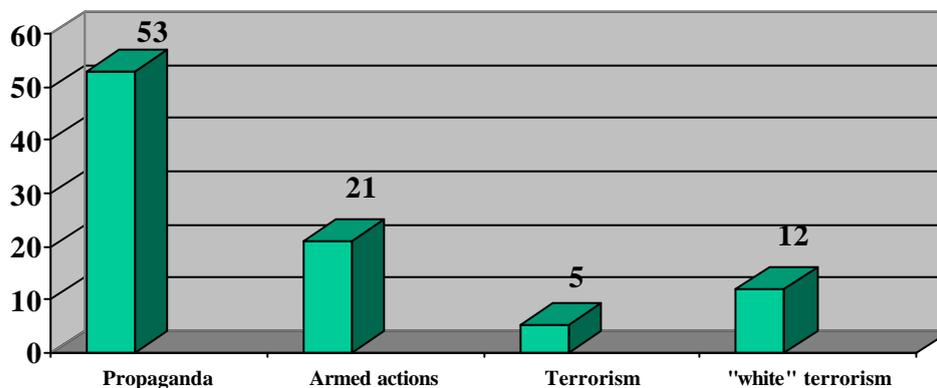
**Number of acts of the Shining Path
January to November 2002**



Source: UN-Lima security Office

Currently, terrorist acts have increased due to regional and municipal elections that were held in November 2002. Most subversive of these were in the central region of the country: Junín (21), Ayacucho (18), Huancavelica (6) and Pasco (4).

Shining Path: types of acts - November 2002



4.4 Issues of specific concern

4.4.1 Corruption

The general state of corruption existing during the Fujimori government was characterized by:

- The coup of 5 April 1992;
- The intervention and manipulation of judicial power, public ministry and constitutional tribunals;
- The subordination of congress;
- The violation of human rights and confrontation with the international system;
- Emergency legislation with secret decrees;

- The control of the mass media; and
- The build-up of the intelligence service.

Of the billion US dollars estimated to have been transferred illegally out of the country during 2001, some US\$ 210 million was located in foreign accounts in Switzerland and Central American banks. Approximately US\$ 90 million has been returned to Peru.

4.4.2 Drug trafficking

Even before entering into office, Mr. Montesinos seemed to have collaborated closely with the Medellín Cartel. He had connections with the drug trafficker Evaristo Porrás Ardila. There is evidence of Mr. Montesinos and Porrás purchasing a laboratory and installing a clandestine landing strip in the Peruvian jungle to transport coca leaf to Colombia.

Once in office, Mr. Montesinos militarized the coca growing area (essentially the Upper Huallaga valley). Apparently, he provided protection to Peruvian drug traffickers by informing them in advance of police operations. Ironically, he would publicize the destruction of clandestine landing strips and laboratories. There are testimonies of Mr. Montesinos meeting with drug traffickers, and of bribes received by political military commanders who controlled the areas in which drug traffickers operated.

5. DRUG POLICY

5.1 National drug control framework

5.1.1 Main characteristics of national drug policy

In 1994, Peru approved a National Anti-drug Strategy, which covered three strategic areas: interdiction, alternative development, and rehabilitation and treatment of drug consumption. The strategy and its respective programmes were coordinated by the National Commission against Drug Use (CONTRADROGAS, renamed DEVIDA in May 2002).

In 2001, the new government of Mr. Alejandro Toledo announced the fight against drugs to be a priority, in line with democratization, poverty reduction and socio-economic development. In July 2002, DEVIDA prepared a new “National Drug Control Strategy 2002-2007”⁹. It differs from the strategy of 1994 in that the new one includes an eradication component that forms an integral part of the objectives of the programme and the strategy.

The strategy includes:

- a) Reduction of drug consumption and rehabilitation of drug addicts;
- b) Interdiction of illicit drug trafficking and related crime;
- c) Alternative development, environmental protection and rehabilitation of damaged ecosystems; and
- d) Eradication of illicit cultivation.

The strategy is implemented by five programmes: prevention and rehabilitation, alternative development; environmental protection, eradication as well as interdiction, and money-laundering. The implementation of the first three programmes is the responsibility of DEVIDA. The last two are multi-sectoral programmes.

⁹ The “National Drug Control Strategy 2002-2007” is currently in the approval process.

5.1.2 Conventions adherence

The Peruvian Government is party to the 1961 United Nations Single Convention on Narcotic Drugs, as amended by the 1972 Protocol and the 1988 United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances and adheres to the objectives set out therein.

5.1.3 Legislation

The national laws and regulations of Peru related to drugs are generally in line with the United Nations conventions mentioned above. Specific legislation against crimes related to money-laundering, chemical substances and firearms, are in line with these conventions as well as with CICAD Model Regulations. Peru has ratified the Inter-American Convention against Corruption, Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and Other Related Materials as well as those on Mutual Assistance in Criminal Matters.

The General Drug Law of 1978 (Decree Law 22095 repeatedly amended and partially repealed) remains Peru's fundamental instrument for drug control. It covers trafficking, processing, demand reduction and the cultivation of coca channelled by the national company ENACO, as mentioned in section 1.4 above. The General Drug Law is supplemented by the Penal Code Reform of 1991. Legislative Decree 753 of 1991 recognizes peasants who grow coca leaf as a socially and economically distinctive group — different from drug traffickers. The legal framework is institutionalized by Legislative Decree 824 of April 1996, (Law on the Fight against Drug Trafficking), which replaced the armed forces by the national police for drug enforcement. The law also established the drug control coordinating body CONTRADROGAS (now known as DEVIDA).

In 2002, the Government enacted a series of laws that form part of a penal and institutional reform. Laws 27765 and 27693 (Law against Laundering of Assets and Law of the Financial Intelligence Unit) enhance the existing legal possibilities against money-laundering and establish a Financial Intelligence Unit. Law 27817 (Law against Micro-commercialization of Drugs) establishes the offence of drug-related selling and related sanctions.

5.1.4 Drug control institutions

The key coordinating governmental institution for drug control, the commission against drug use CONTRADROGAS was established in 1996. It was established to direct, coordinate, consolidate, and evaluate the anti-drug strategy at the national and provincial levels. It also represents the Government at international level. The objectives, as stipulated in the decree, were: (a) prevention of drug consumption; (b) improvement of rehabilitation programmes; (c) promotion of crop substitution; (d) awareness-raising on the illegality of drug production, trafficking and consumption; and (e) encouragement of international financial support for the national fight against drug trafficking. In 2002, CONTRADROGAS was renamed DEVIDA (the National Commission for Development and Life without Drugs). New regulations were prepared and approved. The commission has been upgraded with its Executive President now having ministerial rank.

The principal Peruvian law enforcement agency is the Peruvian National Anti-narcotics Bureau (DIRANDRO). DIRANDRO is part of the National Police (PNP). It is responsible for controlling and investigating illicit drug trafficking and executing interdiction measures.

Interdiction is essential in supporting policies aimed at reducing drug production. Between 1994 and 1996, DIRANDRO carried out actions to eliminate clandestine landing strips. This has had great impact in the fight against drug trafficking. As a result of this initiative, one of the main exit

routes for coca base at the time (towards Colombia) was considerably thwarted. This contributed to a decrease in demand, consequently in prices, and further to the abandonment of active coca production.

DIRANDRO carries out anti-drug operations, such as destroying maceration pits and laboratories, and apprehending drug traffickers. These operations are targeted to sectors that are centres of coca activity. Such sectors include the basins of the Monzon, Aguaytia, Tocache, Chontayacu (Uchiza), Aucayacu, and Apurimac-Ene rivers. These actions interrupt the flow of drug trafficking. Being directed at drug traffickers, these types of interdiction actions generate few social reactions. However, their impact is short-lived.

5.2 Licit control (drugs and precursors)

A number of institutions are in charge of the control and investigation of licit and illicit drugs, precursors and chemical substances. The Ministry of Industry, Tourism, Integration and International Commercial Negotiations (MITINCI) has a special division (Directorate of Chemical Inputs and Supervised Products – DIQPF) for the control of chemical substances. It supervises the import and transport of licit chemical substances that are used for coca processing. The General Directorate of Medicines, Inputs and Drugs (DIGEMID) of the Health Ministry supervises the production of narcotics for medical and scientific purposes, the export and import of medical inputs and the avoidance of their diversion for illicit purposes.

Other control activities have come under the Ministry of Home Affairs. DIRANDRO has a special Division of Investigation and Control of Chemical Substances (DICIQ). It is in charge of the investigation and control of the diversion of drugs, chemicals and precursors. The Executive Office for Drug Control (OFECOD) is responsible for the seizure of drugs and chemical precursors, as well as impounded goods, real estate and money resulting from illicit drug trafficking.

Among these four institutions, there is little coordinated action. The vast area of Peruvian territory, especially in the scarcely populated rainforest regions, makes the implementation of comprehensive control mechanisms difficult. However, control of chemical materials for coca processing, such as kerosene and cement, used to be stronger in the 1990s. At that time, interdiction and control measures were more strictly applied.

5.3 Supply reduction

Eradication of coca plants is usually done by physically digging out roots and pulling up whole plants from the soil. Specialized workers of the Special Eradication Project (Control and Reduction of Coca Cultivation in the Upper Huallaga – CORAH), protected by armed police, are flown to the area by helicopter to carry out the eradication. Coca growers in Peru are usually peasants who, because of lack of markets and other opportunities, turn to coca for their livelihood. Obviously, eradication of their coca fields causes despair in families left without any means to meet their basic needs. With the support of the United States Government, the police conducted the first physical eradication of coca plantations between 1979 and 1980 in the Upper Huallaga.

Between 1983 and 1988, actions were intensified through the CORAH project, causing coca activity to move to other areas more difficult to access and control. Some 18,000 hectares of coca were eradicated at the time. However, in spite of (or as a result of) this action, the area under coca cultivation increased dramatically, making Peru the major provider for drug trafficking. In 1989, the Government suspended compulsory eradication. It was considered that this policy generated

violence and terrorism. Moreover, the areas of coca cultivation had not been reduced, but rather increased and extended to other areas of the upper and lower tropical forests of Peru.

Eradication to reduce the areas under cultivation was re-introduced in the second half of the 1990s. Eradication has remained a delicate issue. Moreover, some academic discussions suggested that eradication might have contributed to the rising prices of coca leaf in the late 1990s (IICA, 1999). Therefore, its net impact remains a controversial topic.

Until 1996, Government policy permitted eradication of coca seedbeds only. In 1996, the eradication of mature coca on public lands (notably natural parks and forests) was also authorized. In 1997 and 1998, the Government stepped up its forced eradication of coca crops in national parks and other public areas. This resulted in a net eradication of 1,300 hectares in 1996; 3,500 hectares in 1997; and 7,800 hectares in 1998.

In 1998/1999, the policy was extended to privately-owned farmland. The policy was implemented by CORAH with logistical and financial support from the United States Embassy (NAS) in the Aguaytia, Tulumayo, Aucayacu, Chontayacu, Tocache and Bajo Mayo valleys. Attempts to provide some compensation for lost income in the form of food, and/or to encourage new licit crop production, failed to gain momentum. During 1999, the Government broadened its interventions. It increasingly started eradicating coca at the level of small-scale farmers whenever there were indications of illegal processing in the vicinity. A total of 13,800 hectares of coca plants was eradicated in 1999 and 7,700 hectares in 2000. In 2001, 6,437 hectares were eradicated. Of these, 3,900 hectares were in production and 2,537 in various stages of abandonment. As could be expected, the coca producers reacted violently and called for the temporary suspension of all eradication. In 2002, 7,130 hectares were eradicated. Of this amount, approximately 1,000 hectares were eradicated within the framework of the auto-eradication programme (mentioned below). The other eradicated areas refer to abandoned coca fields and public areas.

Eradication at the farm level is in line with international obligations of Peru. Nevertheless, in the eyes of the coca farmers, eradication seems to be arbitrary. Therefore, the Government runs the risk of losing support among the farming communities. The authorities have broad leeway in interpreting what is considered to be close vicinity to processing units. Many coca farmers, though officially not committing a criminal offence, may be faced with an unexpected elimination of their economic base. Thus, resistance against forced eradication has been building up since the late 1990s. It will be alleviated only when farmers can depend upon alternative income options.

In the last few years, protests against eradication actions resulted in roadblocks and upheavals. After negotiations, the Government presented a new test strategy of auto-eradication with a follow-up alternative development programme. This programme was initiated in October 2002, piloted in the Aguaytia area. The sudden interruption of income generation caused by eradication of coca makes alternative development more delicate, difficult and cost-intensive. The livelihoods of the peasants have to be assured until alternative development measures take effect. New markets have to be opened quickly in order to absorb alternative products in a more sustainable and fair manner than was previously the case.

The authorities have foreseen reaction patterns against eradication measures since the mid-1990s. In 1996, DEVIDA was established to promote alternative development, as well as activities to reduce

demand and to integrate these activities into the broader drug control context.¹⁰ It is responsible for designing a comprehensive drug control strategy, multi-sectoral coordination of alternative development and programmes to reduce drug demand. DEVIDA is also responsible for representing the Peruvian Government in international drug control efforts.

With assistance from UNODC, and in response to the outcome of the June 1998 Special Session of the General Assembly in which Member States proclaimed the principle of “shared responsibility”, DEVIDA formulated an ambitious programme. It is known as the ‘National Plan for Alternative Development and the Reduction of Drug Demand’ (1998-2003). The plan covered a broad range of activities supplementing Peru’s interdiction efforts. The total programme budget for the plan amounted to US\$ 1 billion.

However, not only has the political context changed, but there has also been an institutional reform in DEVIDA. The strategic programme of 1998 has been replaced (continued and extended) by a new National Anti-drug Strategy for 2002 to 2007. Therefore, as of 2002 the Government reactivated the Consultative Group of Donors.

UNODC has over 15 years of experience in alternative development. Implementation has proven that alternative development is the only and most efficient method of providing a sustainable, licit income to small farmers who would otherwise grow coca. However, as mentioned, it is essential that markets are made available to absorb production and that prices are fair to generate an adequate income.

Also, to be viable and sustainable, alternative development projects require the necessary infrastructure (such as roads and sources of energy). There must be the proper social structures (schools and health facilities). Additionally, the Government should have a presence in the area to enforce law and order. This is essential for economic and social development. Furthermore, the Government should provide its rural sector with a minimum of agricultural analysis and research. It should also operate an efficient agricultural extension service. Lastly, to have an impact, alternative development projects must be replicated to cover all potential coca-growing areas. This requires larger investments, not only for the alternative development projects *per se*, but also to provide the required environment, infrastructure, security, etc.

Alternative development must also evolve from a pioneering and/or pilot UNODC high-risk endeavour with closely monitored financing to a more conventional development endeavour that is likely to interest international and/or national financial institutions (IDB, IBRD, etc.). None of these conditions have yet been met in Peru. A large part of the work carried out by UNODC in the country, besides the execution of alternative development projects, consists of advocacy and promotion, aimed at having all these steps implemented gradually.

5.4 Demand reduction

The “Programme for Prevention of Drug Consumption and Rehabilitation of Drug Addicts” is an integral part of the National Drug Control Strategy 2002-2007. The reduction of drug consumption and the development of healthy lifestyles represent the first objectives of this strategy. Thus,

¹⁰ In May 2002, the name of CONTRADROGAS was changed to DEVIDA (Development and Life without Drugs) and its organizational regulations were restructured. The Executive President of DEVIDA has now been given the rank of minister, which upgrades the organization as such.

DEVIDA gives priority to prevention and rehabilitation programmes against the substantial increase of synthetic and natural drug consumption in the country. Prevention programmes are carried out with schools, youth networks, NGOs and municipalities.

However, it is estimated that there is a need for US\$ 5 million per year in order to improve the implementation of the programme. Investments should be made in the following areas, which especially need improvement: creation of an epidemiological information system and observatory; strengthening of multi-sectoral coordination; prevention; counselling; treatment and social reintegration programmes; research; and community based programmes for local authorities.

5.5 Money-laundering control measures

There had been a consensus among Peruvian authorities on the need to change current legislation so as to not only typify crimes concerning money-laundering from illicit drug trafficking, but also for other serious crimes such as corruption. In 2002, within the criminal and institutional reform package undertaken by the Government, two laws have been approved that reformulate the previous rules. Law 27765 (Law against the Laundering of Assets) broadens the base for prosecution of money-laundering. Law 27693 establishes a Financial Intelligence Unit, that gathers the information that will allow the evaluation of suspicious transactions and determine the continuation of the investigation process.

5.6 International cooperation

International cooperation is dominated by the bilateral cooperation of the United States. The United States is the major donor in interdiction, eradication, and alternative development and also contributes to the prevention programme and institutional development (5-year budget of US\$ 300 million). Furthermore, there are several debt exchange agreements with the Netherlands,¹¹ Spain¹² and Germany¹³.

There are horizontal bilateral cooperation agreements with many Latin American countries,¹⁴ and border control agreements with all countries bordering Peru. These agreements include alternative development, demand reduction and interdiction matters. They consist of information exchange and in some cases, joint operations. Moreover, regional multilateral coordination initiatives take place through CICAD-OEA.

The National Plan for Alternative Development and Reduction of Drug Demand (as mentioned in section 5.3 above) was discussed at the 1998 Brussels Consultative Group of Donors meeting. Peru is a member state of the Andean Alternative Development Committee (CADA) and held the executive Presidency in 2002. CADA was created in 2000 in Lima for the promotion of alternative development strategies and policies.

5.7 Cooperation with international bodies

The Peruvian Government is complying with its obligation to report to the Narcotic Drugs Commission (CND) according to the resolution adopted by the General Assembly at its twentieth special session by completing the Biennial Report Questionnaire (BRQ) as well as the Annual Report Questionnaires (ARQ).

¹¹ Starting in 1999 and by now completed, US\$ 5 million was invested in institutional strengthening.

¹² US\$ 5.35 million is invested in prevention and rehabilitation programmes that started in 2000.

¹³ The agreement on US\$ 12 million started in 2002 and will be invested in alternative development in the Tocache-Uchiza region.

¹⁴ Including Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador and El Salvador.

6. CRIME POLICY

6.1 National crime prevention framework

6.1.1 Main characteristics of national crime prevention strategy

In April 2001, the transitional government of Valentín Paniagua approved the National Anti-corruption Plan. It also established the National Anti-corruption Initiative (INA). The objective of the INA was to analyse and design policies that would counteract corruption. The report of the INA sets forth proposals for defining the fundamental guidelines that should be taken into account by the current Government in defining a national anti-corruption policy.

The hard work of the transitional government in the fight against corruption seems to be continuing with the Government of Alejandro Toledo. In spite of his immediate priorities of alleviating poverty and economic reactivation, the new administration named Mr. Martín Belaunde Moreyra as the anti-corruption chief. The new administration also established an anti-corruption commission in conformity with the recommendations of the final INA document. Furthermore, an anti-corruption police office was created as a specialized permanent police force. It will support judges by obtaining necessary evidence in cases that they investigate. It has 80 staff members and depends administratively on the national police and operationally on judges and anti-corruption district attorneys. Thus, there can be no manipulation of the executive power of this police force. Even though the political will does exist to fight corruption and organized crime, the Peruvian authorities still need technical assistance to carry out their national policies in these matters.

In terms of terrorism, no specific measures have been adopted in addition to those already existing. Peru reaffirms its cooperation with the United Nations. The Ministry of Interior, through its general secretariats (specifically the national police) Migrations and Naturalization, and Security Services Control, Weapons, Ammunition and Explosives Control for Civil Use, are providing information and cooperation, in the administrative and operating spheres.

6.1.2 Organized Crime Convention adherence

Peru signed the United Nations Convention against Transnational Organized Crime during the Palermo Conference in 2000. The Convention was ratified by Peru in September 2001. The Attorney General is preparing a bill against corruption and organized crime, considering the subject to be of national interest. Therefore, the three State powers – executive, legislative and judicial – are involved in the preparation of the bill.

In addition, Peru ratified the following international instruments: the 1997 “International Convention for the Suppression of Terrorist Bombing”, and the 1999 “International Convention for the Suppression of the Financing of Terrorism”. With these depositions, Peru has ratified the 12 major multilateral conventions and protocols that have been promoted by the United Nations to date.

The Peruvian Government is promoting internal legislation to ensure total compliance with all Security Council international agreements and resolutions concerning terrorism.

6.1.3 Legislation

Regarding terrorism, there are two important laws. Law 25475 of 5 May 1992, establishes “Punishment for Terrorist Crimes and the Procedures for their Investigation, Instruction and Trial” and Law 25659 of 12 August 1992, controls the Crime of National Treason, which constitutes an aggravated form of terrorism.

The Criminal Code states that money-laundering resulting from drug trafficking is punishable with a life sentence in prison.

The transitional government of Valentín Paniagua put the Ministry of Justice in charge of the strategy to fight against corruption, to initiate preliminary investigations and to design necessary legislative proposals to prevent impunity. Six anti-corruption judges were named, who serve on a specialized anti-corruption court. Several legislative proposals were formalized and approved by the congress in December 2000 and January 2001 to accelerate this process. These laws are the following:

- Law 27378 establishes the benefits in return for effective collaboration in the area of organized crime.
- Law 27379 establishes the procedure for the adoption of exceptional measures in the limitation of rights during preliminary investigations.
- Law 27380 gives the Attorney General the power to appoint a team of attorneys for complex and special cases.
- Law 27399 controls preliminary investigations foreseen in law 27379 dealing with officials included in article 99 of the Constitution (to avoid escape without an open judicial process).

6.1.4 Crime control institutions

In the last five years there have been no changes in the institutions responsible for preventing, fighting and investigating terrorism. The competent authority in Peru is the Ministry of Home Affairs, which is the ruling public body in activities related to domestic Government, internal security, police, migration and naturalization. It consists of: a domestic Government secretariat, a Migration and Naturalization secretariat, a National Intelligence secretariat and Peruvian National Police secretariat. It also has executive bodies (police regions), which are decentralized and enable police coverage throughout the country. In addition, it has specialized offices, among which is the Counter-Terrorist Office. The Counter-Terrorist Office is responsible for prevention of, combat against, investigation and charging for crimes of terrorism, in accordance with current legal rules. The main crime prevention entity is the Criminal and Investigation Directorate (*Dirección de Investigación Criminal*, DIRINCRI) of the National Police PNP. Its national crime prevention strategy against organized crime is based on three lines of action: intensification of patrols, strengthening of criminal investigation, and citizen participation.

Furthermore, in Peru there is the Attorney General’s Superior and Provincial Office for terrorism cases. The *ad hoc* Attorney General’s office for terrorism coordinates with the National Counter-Terrorist Office, in order to investigate all matters related to activities destined to support terrorist groups (trafficking of human beings, falsification of passports, visas, arms trafficking, ammunition, explosives, etc.). Since 11 September 2001, prevention measures against possible acts of international terrorism have increased.

6.2 Extradition agreements

At the international level, Peru has agreements with some countries for coordination and information exchange. However, even if no agreement exists with a particular country, Peru can take action based on the principle of international reciprocity.

Among the existing agreements are:

- With Colombia, the “Agreement on judicial assistance in criminal matters”, Lima, 12 July 1994;
- With Venezuela, the “Agreement regarding execution of criminal sentences”, 27 October 1998;
- With the United States, the “Extradition Treaty”, July 2001;
- With Canada, the “Treaty on judicial assistance in criminal matters”, 27 October 1998;
- With Guatemala, the “Agreement on judicial assistance in criminal matters”, 16 April 1998; and
- With El Salvador, the “Agreement on judicial assistance in criminal matters”, 13 June 1996.

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