



The Andean Information Network

Special Update: Bolivia

Rethinking Alternative Development in Bolivia

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Produced by the Washington Office on Latin America

February 2004

When an opposition movement supported by the coca grower's political party forced the resignation of Bolivia's President Sánchez de Lozada in October 2003, it was fueled in part by long-standing resentment against the U.S. war on drugs. Even though an estimated \$300 million has been spent by the U.S. Agency for International Development (USAID) since 1982 on alternative development programs in Bolivia,¹ the world's third-largest producer of coca, growers complain that they have never been offered viable alternatives to growing coca. They identify three principal problems: an uncoordinated strategy that operates outside existing community organizations and local governments; the inflexible conditioning of assistance on eradication; and a large, expensive bureaucracy.²

USAID's program in the Chapare, one of the two principal coca-growing regions in Bolivia, was for many years one of their largest in Latin America. Agency representatives state that, despite enormous challenges, this program has seen steady success—each year, more legal crops are exported, licit income of participating farmers has increased, and more families are incorporated into the program. They point to increased private sector investment, including tourism infrastructure and roads, and note that the Chapare has the best rural infrastructure in Bolivia as well as the largest international assistance program.³

Our intent is not to attempt to reconcile this longstanding and seemingly unbridgeable gulf between the views of coca growers and those of USAID officials, but rather to propose that strengthening alternative development programs offers the single best option for consolidating coca eradication successes and de-escalating conflict in the Chapare region.⁴

Coca eradication in the Chapare

Until forced eradication programs virtually eliminated coca production in 2000, 85 percent of the coca grown for cocaine in Bolivia was cultivated in the Chapare region, east of the highland city of Cochabamba. Replanting has occurred steadily since 1999, along with a steep increase in production in the Yungas, east of La Paz, which historically has grown most of the domestically consumed coca leaf. The ecosystems of both these areas are considered fragile, with significant biological diversity and very high annual rainfall. Forest covers most of the land.

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Agriculture is characterized by small land holdings using mostly manual production, and a family-based labor force. Most coca-growing families are indigenous peasants who were encouraged by the Bolivian government to migrate to the Yungas and the Chapare in the 1960s because of extreme poverty in their home communities. The largest Chapare population boom was in the 1980s, mirroring both the surge in demand for cocaine in the north, and the severe drought and economic crisis in Bolivia.

When approximately 45,000 hectares of coca were eradicated from the Chapare between 1997 and 2001, alternative development was unable to keep pace.⁵ The eradication program led to widespread protest and blockades, met by increasingly violent military and police actions, and resulted in severe economic crisis for the estimated 45,000 to 50,000 families in the Chapare, with significant negative impact on the entire department of Cochabamba and the country as a whole. These events undermined the U.S. and Bolivian governments' already limited credibility, and contributed to the increased national popularity of MAS, the political party formed by the coca growers, which came in a close second in the 2002 presidential elections.

The U.S. State Department estimates that between June 2001 and 2002, production in the Chapare increased by 23 percent even as the Bolivian government eradicated 17,000 hectares of coca.⁶ Despite the resulting catastrophic drops in their primary source of cash income, virtually none of the population has out-migrated as expected, leading to the conclusion that few opportunities exist elsewhere.⁷

Local participation in alternative development

While many of the difficulties of alternative development are common to all large-scale development projects planned and administered by outsiders, whether these are foreign or national professionals, U.S. initiatives in the Chapare have faced additional obstacles. Recognized development practice calls for the fullest possible involvement of the local populations, organizations and governments in program design, implementation and evaluation. In the Chapare, however, USAID has consistently refused to work directly with the *campesino* (small indigenous farmer) unions representing the coca producers, which have played the role of local government since colonization in the 1960s. Despite the strong loyalty, involvement and sense of ownership that most grassroots coca-growers have in their unions, USAID has consistently demonized them, calling their leaders "drug dealers" or "narco-terrorists" and asserting that they are in the pay of drug dealers.

Instead, USAID/Bolivia has generated considerable *campesino* suspicion by creating alternative organizational structures, or associations, whose leadership and promoters are paid for their participation. This distrust predates the drug war, originating in various attempts by Bolivian governments since the 1950s to create parallel *campesino* organizations which could control rural populations. The U.S. refusal to recognize the growers' representatives mean that agreements reached between the unions and the Bolivian government during periods of intense conflict have repeatedly gone unfulfilled because the U.S. embassy withheld its stamp of approval. This inability of the government to honor agreements, many of which relate to coca growers' demands concerning alternative development funds, has significantly contributed to political instability, increasingly violent conflict, and the decisions of individual growers to replant coca.

The U.S. approach differs significantly from that of other countries and international institutions, such as the European Union; USAID's programs are conditioned on coca crops being eradicated before disbursing the aid, whether at the individual or community level. Coca growers

have been induced, usually through mounting police and/or military action, to give up their coca in exchange for financial and technical assistance to switch to new crops. However, this assistance has generally been slow in coming and insufficient, compounded by the greater costs associated with producing licit crops compared to coca. Forcing farmers to give up their most reliable source of cash income without having reliable alternatives in place has contributed to the resistance on the part of the growers, severely limiting the ability to reduce coca production.⁸

Alternative development

Crucial to understanding all USAID development efforts in the Chapare is that economic development aid has always been dwarfed by U.S.-financed police and military actions aimed at eradicating coca crops and halting the flow of semi-refined and refined cocaine. While ostensibly aimed at the kingpins of the cocaine trade, much of these actions are directed at coca-growing families, resulting in human rights abuses and constant harassment.⁹ This conflictive context makes development programs, difficult enough under the best of circumstances, even less feasible. In addition, coca-growing families are unlikely to differentiate between U.S.-funded military and police activities and U.S.-funded development programs conditioned on eradication, and projects are thus doomed from the outset. There exists reasonable doubt that the goals of AID in the Chapare bear any relation to economic development at all, as almost every U.S. government document defines coca eradication as the goal, with economic alternatives given little importance.¹⁰ This consistent and often remarkably single-minded focus on coca eradication has, for almost twenty years, virtually ignored the negative impacts it has had on local populations and economies. Resistance has grown steadily and the resulting conflict in no small measure has contributed to the fragility of Bolivia's democracy, seen most dramatically in the popular uprisings of January through April 2000, September 2001, February 2002, and the forced resignation of Bolivia's president in October 2003.

USAID's current programs in the Chapare emphasize commercial-scale agricultural and livestock production fueled by private investment. Commercial agriculture in a landlocked country with weak road infrastructure and semi-subsistence peasants is a difficult proposition, and to date has produced few tangible rewards for most Chapare farmers. Since the founding of the republic in 1825, Bolivia's private sector has tended to focus on quick profits, given the chronically unstable political and economic environment. As none of the USAID-assisted private companies are headquartered in the Chapare and most of their processing facilities are located near Sacaba, a town just outside the city of Cochabamba, they provide regional benefits but little direct positive impact on coca growers. These companies have been accused of misappropriation of funds, inadequate accounting practices and conflicts of interest.¹¹ Fancy agricultural stations, Bolivian professionals earning in a month what *campesinos* earn in a year accompanied by U.S. supervisors paid four times more again, racing back and forth in new jeeps from Chapare to their offices in one of Cochabamba's most luxurious office buildings, have only reinforced the coca growers' frustration and distrust.

The role of local government

Since 1994, when Bolivia's Law of Popular Participation devolved administrative responsibility to newly formed municipalities all over the country, the municipality has become an important site for local social, and to a lesser degree, economic, development. While USAID has provided training and support to 86 municipalities in other parts of Bolivia (out of a total of 321), it has largely ignored local governments in the Chapare, all five of which, with virtually no op-

position, are controlled by the coca growers' MAS party. The one exception is a USAID-funded road maintenance program which has successfully worked with two of the Chapare's municipal administrations since 2002. USAID also works to some extent in providing training to coca grower-controlled municipalities in the Yungas. These initiatives together represent only a small fraction of USAID alternative development funds.

However, in a country with a weak regulatory structure and a long history of governmental corruption and inefficiency, working with these municipalities, formed only in 1994, is not a panacea for the enormous challenge of alternative development. Nonetheless, studies of municipalities in Bolivia demonstrate that those in the Chapare have comparatively good administrative capability and capacity. The European Union has been actively involved in strengthening them since 1998, with programs perceived by coca growers to have achieved far more, and with considerably less money, than USAID.¹² With the assistance of Bolivian non-governmental organizations, the municipalities have developed detailed mappings of their resources, potentials and limitations and of their spending priorities, as well as details on specific projects and their costs. These plans have been developed with considerable community participation and discussion, and, in marked contrast to USAID's focus on coca eradication, they take an integrated approach to human and economic development. In the Chapare, municipal spending has been balanced between projects serving the urban and rural populations, and emphasizes school and secondary road construction as well as water and urban electrical systems improvements.

Some of the problems faced by the Chapare municipalities are common to all the new local administrations in Bolivia. The elaborate plans, for example, cannot be carried out on schedule because of delays in public fund disbursements. And, as in other areas, there is still not enough public oversight. Just as in other parts of Bolivia, the government-mandated oversight committees are largely unskilled, and often depend on the town hall for their livelihoods.

Possibilities for policy change

During the past two years, several members of the U.S. Congress have expressed concern about the social costs of the drug war in Bolivia and have recognized the potential of alternative development in reducing negative impacts.¹³ For the first time, USAID studies done during the past year have actively promoted carrying out some limited work through the local Chapare municipalities.¹⁴ This option represents a significant change in U.S. policy and, while not a cure-all by any means, has the potential to be a significant step in decreasing conflict and achieving economic development goals independent of the presence or the eradication of coca.

Framing a new approach to alternative development

In January 2002, a key international conference sponsored by Germany's official international development agency (GTZ) and the United Nations Drug Control Program (UNDCP) brought together over 100 program and policy experts from governmental development institutions, including USAID, to discuss "The role of alternative development in drug and development cooperation."¹⁵ This broad gathering of experts agreed that successful alternative development strategies or programs are those that recognize that excess coca production is closely related to poverty and a lack of economic development. They recommended that programs prioritize sustainable human development and poverty alleviation, which will in turn reduce dependence on the cultivation of coca. Below are abbreviated conference recommendations drawn from the combined experience of these experts which provide a useful framework for strengthen-

ing U.S. international alternative development policy in Bolivia and other drug-producing countries.

- Any development efforts should use fully participatory approaches in alliance with locally recognized, traditional/informal leaders. These must build on farmers' existing strategies for survival and make use of their current knowledge. The imposition of pre-conceived solutions, projects, "packages," decisions, ideas etc. should be avoided.
- Successful alternative development addresses the many roles that coca plays in farmers' economic survival as well as farm families' risk tolerance. A complete strategy should include alternative crop production and off-farm opportunities, and also incorporate non-economic improvements.
- While the initial focus should be on immediate expressed needs, long-term strategies should promote education and training, crop diversification, and off-farm opportunities, all with a focus on long-term sustainability. This must take into account the macroeconomic context, socioeconomic, cultural and gender differences as well as environmental concerns.

Recommendations

In Bolivia, USAID can follow the above guidelines by expanding its work with local, indigenous organizations to achieve sustained economic and social development. Continuing on its current course by forming parallel organizations which are not trusted by the local population and conditioning development assistance on eradication will only serve to nourish the current low-intensity conflict. While USAID may not be in agreement with the economic development approach of local organizations and governments, we contend it is more effective and less expensive to engage with these predominantly democratic organizations and seek points of commonality.

USAID initiatives to work through municipalities in the Yungas and the Chapare should be supported and expanded as these represent a potential major reorientation in U.S. alternative development policy, are consistent with Bolivian municipal law, and recognize the legitimacy of the coca growers' elected representatives. By removing the counterproductive tie between development initiatives and eradication, programs with municipalities, even though just a fraction of USAID's budget in coca-growing regions, are an important first step in building trust, de-escalating tension and reducing conflict. Working with the municipalities offers an excellent option for USAID, as the newly-formed local governments are bringing public investment to impoverished rural areas throughout the country for the first time.

Bolivian public opinion of the United States has plummeted because the negative economic impacts of U.S. eradication policy have been felt far beyond the coca-growing regions. Shifting alternative development strategies to focus on economic development rather than primarily on coca eradication will go a long way in contributing to a far more constructive and positive relationship between the United States and Bolivia.

The Andean Information Network monitors U.S. drug control policy in Bolivia and documents human rights abuses in the Chapare coca-growing region. AIN keeps activists, policy organizations, academics and human rights groups informed with frequent AIN updates and meets regularly with U.S. government officials. To contact AIN or receive their updates please email paz@albatros.cnb.net, or write to AIN, Casilla 4817, Cochabamba, Bolivia.

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NOTES

I would like to thank Sara Shields for conducting the interview with Liliana Ayalde, USAID/Bolivia Director, and Ben Kohl for his comments. —*The Author*.

¹ USAID/Bolivia has financed four major projects since then. Reliable figures on the extent of this funding are hard to find: the US Government Accounting Office estimates that a total of \$229 million has been spent by the USAID since the beginning of the 1980's (GAO, 2002:, 6), the Wall Street Journal puts the figure at \$270 million (Lifsher, 2003), and Bolivian government publications state that \$310 million will have been spent by 2004 (Aranibar and Alarcón, 2002).

² Interviews with Oscar Coca, Mancomunidad de Municipios del Chapare and Felipe Cáceres, mayor of Villa Tunari, July 2003.

³ According to Peter Natiello, Alternative Development Team Leader for USAID/Bolivia, from the start-up in 1999 of the most recent program in the Chapare, known as CONCADE (Counternarcotics Consolidation of Alternative Development Efforts) through 2003, “there has been a 25 percent increase in the hectares dedicated to licit crops and pastures, from 108,504 hectares in 1999 to 135,342 hectares in 2003, as measured by satellite images. As of September 2003, CONCADE had provided direct technical assistance to 12,750 families in the form of crop management instruction or certified planting material.” Using common estimates of 45,000 to 50,000 coca-growing families in the Chapare, these numbers indicate that about 25 percent have benefited directly in recent years. Outside observers generally put this figure lower—between 10 and 15 percent—but acknowledge that even the lower figure represents a significant improvement over past performance. Natiello points out that, “an additional 11,168 families have benefited from USAID-financed rural road improvement and maintenance in their communities.”

⁴ Eduardo Gamarra, Robert Albro and Grace Ivana Deheza, *USAID Conflict Vulnerability Assessment Bolivia*, prepared by Management Systems International for the USAID Office of Democracy and Governance, USAID/Bolivia, March 2003.

⁵ General Accounting Office, *Drug Control Efforts to Develop Alternatives to Cultivating Illicit Crops in Columbia Have Made Little Progress and Face Serious Obstacles, Appendix 1: USAID's Alternative Development Program in Bolivia*, February 2002.

⁶ U.S. State Department, *International Narcotics Control Strategy Report 2003*, p. IV-7; 1 March 2003.

⁷ Outlets for migration have been substantially reduced since 2000. Economic collapse in Argentina has meant that many of the one million Bolivians working there (of a total population of nine million) are returning home; the U.S. is much harder to enter since 9/11; and other parts of Bolivia continue to be in economic crisis.

⁸ The *Wall Street Journal*, “U.S. Drug War Ally Bolivia Loses Ground to Coca Farmers,” 13 May 2003.

⁹ Andean Information Network, “Human Rights Violations Stemming from the War on Drugs in Bolivia” Cochabamba 1994; Human Rights Watch, “Bolivia under Pressure: Human Rights Violations and Coca Eradication, New York, 1996; AIN Alerts, Cochabamba, 1999–2003.

¹⁰ See for example, USAID, Country Strategic Plan Bolivia 1997-2002; GAO Report, February 2002, op. cit.

¹¹ Darwin Pinto Cascán, “Ojo con la generación 1008—Entrevista con Godofredo Reinicke: El Defensor del Pueblo Chapareño,” *El Deber*, Santa Cruz, Bolivia, 12 October 2003.

¹² Interview with mayor of Villa Tunari, Felipe Cáceres, 31 July 2003.

¹³ In 2002, the Andean Information Network (AIN) provided detailed background information for three congressional inquiries into U.S. drug control policy in Bolivia signed by seven, five, and four U.S. representatives respectively. This work had two significant results. First, it helped lead to the temporary retention of \$10 million of U.S. anti-drug funds under the Leahy Amendment, which requires congressional suspension of U.S. funds to units of security forces which have been credibly implicated in gross human rights violations. Second, the U.S. State Department suspended its funding in July 2002 for the Expeditionary Task Force, an irregular force implicated in human rights violations.

¹⁴ Interview with Liliana Ayalde, director of USAID/Bolivia, by Sara Shields, 16 Jan. 2004, La Paz.

¹⁵ Also attending were the U.K.'s and the Netherlands' international development organizations (DFID and DGIS, respectively); governmental organizations from drug-producing countries, including Bolivia; multinational and UN bodies including the World Bank, the Inter-American Bank (IDB), the Interamerican Investment Cooperation (IIC), the United Nations Food and Agriculture Organization (FAO), the International Fund for Agricultural Development (IFAD), the Inter-American Drug Abuse Control Commission of the Organization of American States (OAS-CICAD); the European Commission; and representatives of selected non-governmental organizations.