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# Development First

## A More Humane and Promising Approach to Reducing Cultivation of Crops for Illicit Markets

By Coletta A. Youngers and John M. Walsh<sup>i</sup>

In March 2009, U.S. Special Envoy to Afghanistan and Pakistan, Richard Holbrooke, described the opium poppy eradication effort in Afghanistan as “the most wasteful and ineffective program that I have seen in 40 years.”<sup>1</sup> At a June 2009 conference of the G-8 countries, Holbrooke elaborated:

“The poppy farmer is not our enemy, the Taliban are, and to destroy the crops is not an effective policy. And the U.S. has wasted hundreds and hundreds of millions of dollars on this program and that is going to end. We are not going to support crop eradication.”<sup>2</sup>

For many observers, Holbrooke was simply stating the obvious — poppy or coca crop eradication without viable economic alternatives already in place for the affected farmers is a recipe for replanting. But his declarations marked a departure from the long-standing U.S. policy in support of aggressive forced crop eradication as a central element of international drug control.

Forced eradication is a deeply entrenched aspect of U.S. international drug control policy. It has the appeal of seeming “tough” and straightforward — if we wipe out drugs at the “source,” they won’t make it to our shores — and it has attained enormous political and bureaucratic inertia. But after nearly three decades, the effort to eliminate drugs at the point of production, chiefly through forced crop eradication, has failed. At the same time, a growing body of research and experience provide evidence that more promising options are available. Rather than remain locked into a drug control strategy that has proven to be costly and ineffective, U.S. policymakers would do well to take advantage of the new moment in the debate to consider more realistic options to forced eradication.

This report lays out a more promising approach to reducing the cultivation of coca and poppy crops used in

above left: Afro-Colombian women harvesting rice in Napi, Cauca Department, Colombia, 2009.  
above right: Workers, seen through coca leaves, line up before eradicating coca plants in Tumaco, Nariño Department, Colombia, 2010.

<sup>i</sup> Coletta A. Youngers is a Senior Fellow at the Washington Office on Latin America (WOLA), an Associate at the International Drug Policy Consortium (IDPC) and an independent consultant. John M. Walsh is WOLA’s Senior Associate for the Andes and Drug Policy.



## TEN LESSONS LEARNED FOR PROMOTING ALTERNATIVE LIVELIHOODS

1. Proper sequencing is crucial: development must come first.
2. Eradication of coca and opium poppy crops is counter-productive unless alternative livelihoods are already firmly in place.
3. Farmers should be treated as partners in development, not as criminals.
4. Development assistance should not be contingent on the prior elimination of crops deviated to the illicit market.
5. Alternative livelihoods goals and strategies should be integrated into local, regional, and national development plans.
6. Agricultural and trade policies must prioritize small-scale rural development.
7. The basic elements of effective governance and the rule of law must be in place for development and drug control efforts to succeed.
8. Reducing violent conflict creates the conditions for promoting sustainable development and hence effective drug control.
9. Progress toward development goals and crop reductions should be measured using human development and socio-economic indicators.
10. Development and crop reduction strategies must respect the traditions of local cultures.

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the production of cocaine and heroin. It is based on improving the welfare of poor farmers via comprehensive development strategies that include improving local governance and citizen security, combined with voluntary reductions in cultivation of crops deviated to the illicit market. Implemented in tandem with effective demand reduction strategies to contain and eventually shrink the global cocaine and heroin markets, the “development first” approach has the potential to gradually achieve sustainable reductions in coca and opium poppy cultivation by reducing poor farmers’ reliance on such crops.

### ***The War on Drugs at the “Source:” High Hopes, Dismal Results***

For nearly three decades, Washington has vigorously pursued a strategy aimed at disrupting cocaine and heroin markets at the “source,” including the eradication of coca and poppy crops. Since President George H.W. Bush announced the Andean Initiative in September 1989, the U.S. government has poured billions of dollars into equipping and training local security forces in Bolivia, Colombia, and Peru to attack drug production. On a smaller scale, Washington has supported alternative development programs that provide economic aid to farmers once their coca or poppy crops are eradicated. Plan Colombia, the most recent and ambitious phase of the U.S. crop reduction effort, was launched in the year 2000 with the goal of reducing “Colombia’s cultivation, processing and distribution of drugs by 50 percent over six years”<sup>3</sup> through heavy reliance on aerial herbicide spraying (“fumigation”) of coca crops. Since 2000, U.S. funding has supported the fumigation of more than 4,500 square miles of land in Colombia, and manual eradication of another 1,000 square miles.

But these supply-side investments have not yielded the hoped-for results. In Latin America, opium poppy and heroin production appears to have decreased over the last ten years, but coca and cocaine production have evidently remained fairly stable at high levels.

The two sets of official crop estimates, one generated by U.S. agencies, the other by the United Nations Office on Drugs and Crime (UNODC), have differed dramatically from each other over time. While the year-to-year changes tend to be the focus of debate, neither set of numbers is solid enough to attach much importance to fluctuations from one year to the next. But the estimates can be useful for considering trends over longer stretches of time, and both sets of estimates describe a situation remarkable more for its stability than for its fluctuations.<sup>ii</sup>

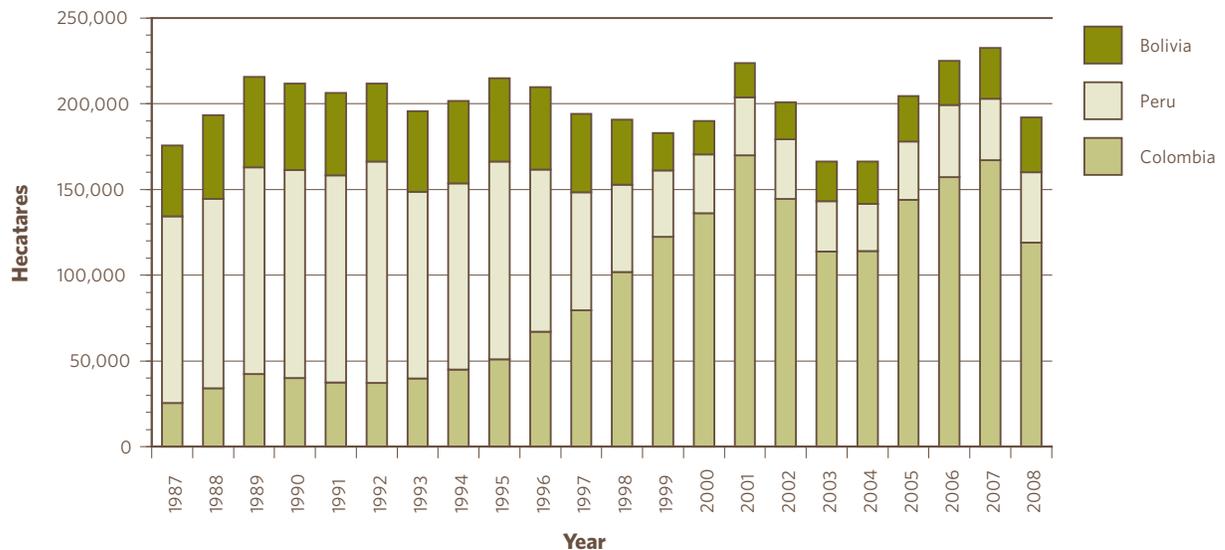
For example, the U.S. estimates of the land area under coca cultivation each year in the Andean region have hovered near 200,000 hectares for nearly two decades (see Figure 1). From 1987–2008, the average annual estimate was 200,040 hectares, ranging from a low of 176,000 hectares (in 1987) to a high of 232,500 hectares (in 2007). The latest estimate (192,000 hectares in 2008) was only 4 percent lower than the 22-year average and 5 percent lower than the average for the most recent 5-year period (2004–2008). Moreover, the 2008 estimate of 192,000 hectares was almost identical to the estimate for the year 2000 (190,000 hectares), as Plan Colombia was getting underway.

Coca growing trends can also be discerned by considering the estimates over 5-year increments. The 5-year totals have been quite stable for two decades: from 1989–1993, the annual average was about 208,250 hectares; from 1994–1998, 202,200 hectares; from 1999–2003, 192,750 hectares; and from 2004–2008, 203,050 hectares. Comparing the figures in this way helps to focus attention on the broader trend of stable cultivation totals rather than the year-to-year swings. The 5-year period with the highest annual average (1989–1993) was only 8 percent higher than the 5-year period with the lowest annual average (1999–2003).

Since 2003, the first year in which UNODC generated coca cultivation estimates for all three of the major producer nations — Colombia, Peru and Bolivia — the annual total has ranged from a low of 153,800 hectares (in 2003) to a high of 181,600 hectares (in

ii For many reasons, the crop cultivation and drug production estimates should be considered to be rough approximations. Given the considerable uncertainties, these figures ought to be presented as ranges rather than as simple point estimates, which convey an unwarranted sense of measurement precision.

FIGURE 1: U.S. ESTIMATES OF ANDEAN COCA CULTIVATION, 1987-2008



Source: U.S. State Department and ONDCP

2007). The 2008 figure of 167,600 hectares was slightly greater than the 6-year average (162,900). For the six years (2003-2008) for which separately generated U.S. government and UNODC estimates are available for all three countries, the U.S. totals have been consistently higher than the UN figures, on average by 20 percent each year. As large as this net difference is, it masks more severe discrepancies between the U.S. and UN figures for individual countries, discrepancies that underscore the importance of treating both sets of crop cultivation and drug production figures as very rough approximations.<sup>iii</sup>

From 2000-2008, U.S. estimates of potential cocaine production ranged from a high of 975 metric tons (in 2002) to a low of 705 metric tons (in 2008), with the 2008 figure about 17 percent lower than the 9-year average. The UN cocaine production estimates from 2003-2008 have ranged from a high of 1,008 metric tons (2004) to a low of 845 metric tons (2008), with the 2008 figure about 11 percent lower than the 6-year

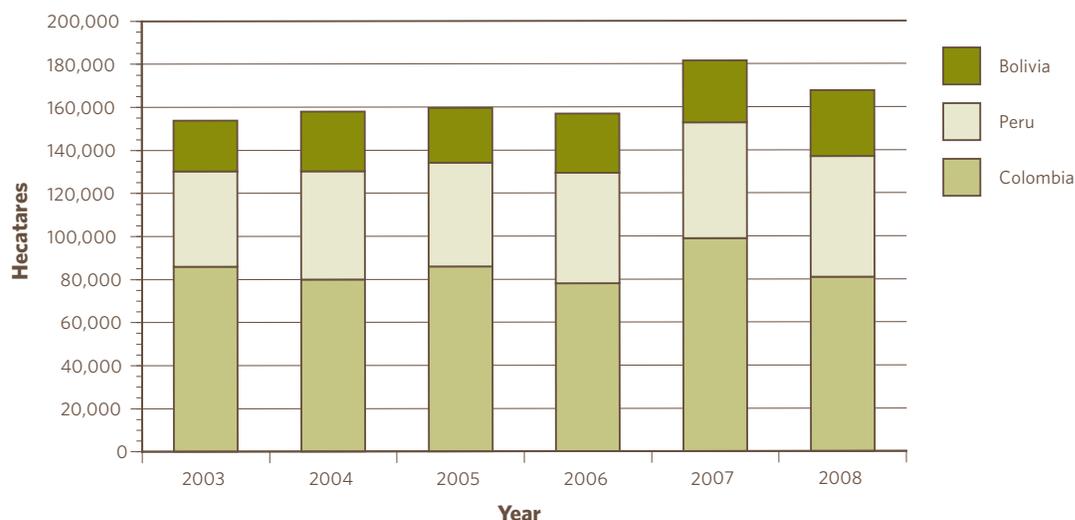
average.<sup>iv</sup> Taking the mid-point of the U.S. and UN estimates for the six years (2003-2008) for which both sets of estimates are available yields an annual average of about 885 metric tons of potential cocaine production. To put that figure in perspective, annual U.S. cocaine consumption is estimated at about 250 metric tons.

Moreover, while the goal of U.S. policy has been to drive up the street price of drugs by attacking production, U.S. retail prices of heroin and cocaine have in fact fallen sharply since the mid-1980s. According to the latest comprehensive analysis, released by the Obama White House in early 2009, cocaine's U.S. retail price per pure gram in 2007 was the lowest figure on record, nearly 22 percent lower than in 1999, the year before Plan Colombia was launched (see Figure 3). For perspective, even if cocaine's average annual retail price were to be found to have risen by as much as 60 percent over the course of 2008 and 2009, it would merely be back on par with

iii Specifically, the U.S. estimates for Colombia have been consistently higher than the UN estimates, while the in the case of Peru, the UN estimates have been consistently higher. For Colombia, the U.S. estimates have on average been nearly 60 percent greater than the UN estimates. For Peru, the UN estimates have on average been nearly 45 percent greater than the U.S. estimates. By contrast, the UN and U.S. estimates for Bolivia have been fairly similar each year, with the U.S. estimates somewhat higher three years (2005, 2007 and 2008), and the UN estimates somewhat higher three other years (2003, 2004, and 2006). For Bolivia, the largest discrepancy came in 2004, when the UN figure was 11 percent higher than the U.S. figure.

iv In contrast to the coca cultivation figures, the UN cocaine production figures tend to be higher than the U.S. estimates, due to different assumptions about leaf yields per hectare and about processing efficiencies.

**FIGURE 2: UNITED NATIONS ESTIMATES OF ANDEAN COCA CULTIVATION, 2003-2008**



| YEAR            | 2003    | 2004    | 2005    | 2006    | 2007    | 2008    |
|-----------------|---------|---------|---------|---------|---------|---------|
| <b>COLOMBIA</b> | 86,000  | 80,000  | 86,000  | 78,000  | 99,000  | 81,000  |
| <b>PERU</b>     | 44,200  | 50,300  | 48,200  | 51,400  | 53,700  | 56,100  |
| <b>BOLIVIA</b>  | 23,600  | 27,700  | 25,400  | 27,500  | 28,900  | 30,500  |
| <b>TOTAL</b>    | 153,800 | 158,000 | 159,600 | 156,900 | 181,600 | 167,600 |

Source: UNODC, Coca Cultivation Survey (Colombia, Peru, Bolivia), 2009

the price in 2001.<sup>v</sup> In short, heroin and cocaine supplies remain robust and readily available.<sup>vi</sup>

In light of the stubbornly high levels of crop cultivation and drug production, recent UN-led assessments have directly called into question the effectiveness of forced eradication. A 2005 evaluation by UNODC concluded that “there is little evidence that eradication reduces the amount of drugs [sic] cultivated in the long-term — drug

crops move, production technologies evolve, and total production decreases very slowly if at all.”<sup>iv</sup> UNODC Executive Director Antonio Maria Costa’s 2008 report to the UN Commission on Narcotic Drugs (CND) found “little evidence that eradication reduces illicit cultivation in the long-term.”<sup>v</sup> According to Costa, “Eradication is very costly. An enormous amount of money is spent with very little accomplished.”<sup>vi</sup>

v The U.S. Justice Department’s *National Drug Threat Assessment* reported a 27 percent increase in U.S. cocaine prices from January 2007 through June 2008. Such price spikes are not uncommon, however, and have typically proven to be short-lived. Fresh claims of dramatic market disruptions and cocaine scarcities should be considered with this historical perspective in mind. For further analysis of cocaine price and purity trends and their significance, see: John Walsh, *Lowering Expectations: Supply Control and the Resilient Cocaine Market*, Washington Office on Latin America, 14 April 2009.

vi The U.S. Health and Human Services Department’s *National Survey on Drug Use and Health* indicates that the prevalence of illicit drug use, including cocaine use, has remained fairly stable since the beginning of the decade, as has the percentage of Americans considered to dependent upon or abusing cocaine.

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“In South America, we throw money, military equipment and aerial fumigation at the problem, and as a result, coca growers relocate, regroup and production thrives. We repeat the cycle. Yes, there may be occasional dips in production after a particularly successful mission ... but inevitably the coca growers, cocaine producers and drug traffickers return.”

— *Editorial, The Los Angeles Times, 1 July 2008*

“After the extradition of hundreds of Colombians, the seizure of thousands of kilos of cocaine and precursors, the destruction of the most important drug cartels, and the fumigation of more than half a million hectares of coca, Colombia is today producing 3 times more tons of cocaine than 10 years ago... the crops decreased, but productivity increased because world demand increased. We have to recognize that the war against coca plantations is lost.”

— *Colombian weekly magazine, Semana, 2 August 2008*

### **FORCED ERADICATION: NOT MERELY INEFFECTIVE, BUT COUNTERPRODUCTIVE AND HARMFUL**

There is ample evidence that eradication as a strategy to reduce illicit crop cultivation where viable economic alternatives are not already firmly in place is not merely ineffective, but actually counter-productive — basically because of the negative impacts on the welfare of the farmers themselves. First, eradication that is immediately successful in reducing crops tends to create incentives in precisely the wrong direction, with the temporary production decline driving up farm-gate prices, thereby encouraging replanting and expansion of cultivation. Eradication’s own immediate successes thus help create conditions that eventually blunt or reverse the reductions achieved. Similarly, providing monetary incentives to eliminate poppies or coca can induce others to start growing such crops in order to obtain assistance.<sup>7</sup>

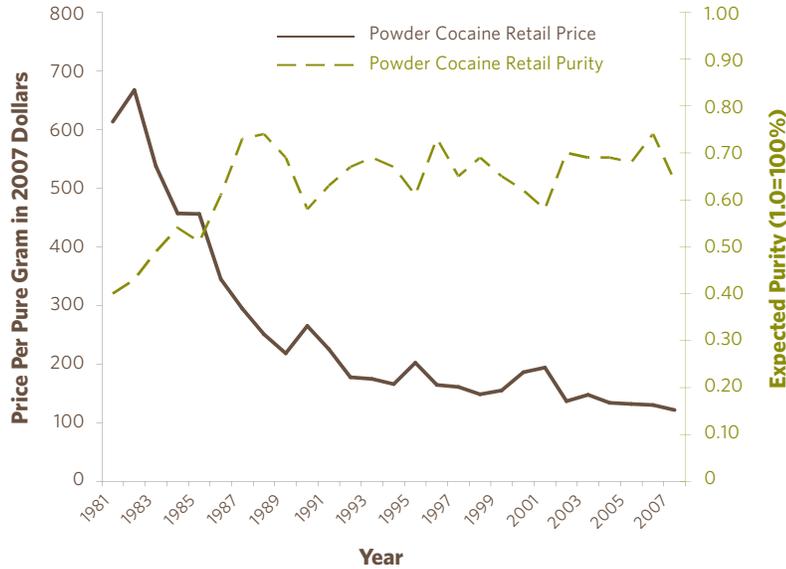
A related perverse effect of forced eradication is its tendency to contribute to the dispersion of crops to new, more remote areas, adding to the difficulties of detecting and deterring cultivation.<sup>8</sup> Nowhere is this

more evident than in Colombia. In 1999, the United Nations detected coca growing in 12 of Colombia’s 34 departments; in 2008, coca cultivation was evident in 24 departments. Crop dispersion under the impact of forced eradication campaigns also brings with it the many associated problems, including increased opportunities for corruption, and the presence of irregular forces that take advantage of revenues generated by the illicit drug trade. A 2005 World Bank study concluded:

“A key lesson is that eradication alone will not work and is likely to be counterproductive, resulting in perverse incentives for farmers to grow more drugs [sic] (for example, in Colombia), and displacement of production to more remote areas, and fueling violence and insecurity (Peru, Bolivia and Colombia).”<sup>9</sup>

The underlying reason why forced eradication prompts replanting and crop dispersion is hardly a mystery: the vast majority of coca and opium poppy growers are poor, small-scale farmers, so the rapid

**FIGURE 3: ANNUAL AVERAGE ESTIMATES OF RETAIL COCAINE PRICE AND PURITY, 1981-2007**



| Year | Price | Year | Price | Year | Price |
|------|-------|------|-------|------|-------|
| 1981 | \$613 | 1990 | \$265 | 1999 | \$155 |
| 1982 | \$667 | 1991 | \$226 | 2000 | \$186 |
| 1983 | \$537 | 1992 | \$178 | 2001 | \$194 |
| 1984 | \$457 | 1993 | \$175 | 2002 | \$137 |
| 1985 | \$456 | 1994 | \$166 | 2003 | \$148 |
| 1986 | \$345 | 1995 | \$202 | 2004 | \$134 |
| 1987 | \$294 | 1996 | \$165 | 2005 | \$132 |
| 1988 | \$251 | 1997 | \$161 | 2006 | \$131 |
| 1989 | \$218 | 1998 | \$149 | 2007 | \$122 |

Source: ONDCP, 2009 *National Drug Control Strategy*, Data Supplement, Table 50

destruction of one of their primary income sources exacerbates their poverty — reinforcing rather than easing their reliance on crops for the illicit market. The regions where cultivation of illicit crops flourishes are characterized by extreme poverty, lack of state presence, limited physical infrastructure and access to basic services, and often conflict. The local population is among the most marginalized and vulnerable. Coca and poppy crops supplement subsistence-level farming; often the income from such crops provides

the family with its only source of cash. Neither coca nor poppy makes these farmers rich; it merely allows them to survive. If their key cash crop is destroyed without other viable economic alternatives already in place, they will more often than not resume coca or poppy growing.

Forced eradication tends to disproportionately affect the poorest farmers. In some countries, such as Afghanistan, those farmers with more resources are able to escape eradication through corruption

In countries that produce crops declared to be illicit, “legal alternative livelihoods are still available to only a fraction of the populations dependent on illicit crop cultivation. Unless eradication is accompanied by legal economic alternatives, eradication efforts will only displace more illicit crops within and across countries and impoverished marginalized populations, alienating them from the state and making them easy prey for armed and criminal groups.”

— *The Brookings Institution, Rethinking U.S.-Latin American Relations, November 2008*

or political connections and are better positioned to avoid judicial sanctions. The same can be said for drug traffickers and organized criminal networks in Latin America. It is the poorest small farmers who have little choice but to grow more coca or poppy if their crops are eradicated.

Beyond exacerbating their already precarious economic conditions, forced eradication imperils targeted growers and their communities in other ways as well. Abuses and human rights violations often occur during eradication operations.<sup>vii</sup> As the victims have little income and tend to live in remote regions of the country, they have little, if any, legal recourse. And the political and social impact can be devastating, as forced eradication generates social unrest, instability and violence. In Colombia, the dispersion of coca growing into new regions has also led to the expansion of the areas of country with a strong presence of illegal armed actors and hence violence and atrocities committed against the local population.

In Colombia, aerial spray operations pose a threat to fragile ecosystems and water systems, and prompt further deforestation, as farmers respond by moving deeper into the jungle to grow more coca. Reports of food crops being sprayed are disturbingly common, further jeopardizing the food security of some of the poorest people in Colombia. Both fumigation and manual forced eradication have fed the growing ranks of Colombia’s displaced

population. According to the non-governmental Consultancy on Human Rights and Displacement (CODHES), since 1985 an estimated 4.6 million Colombians have been internally displaced, making Colombia second only to the Sudan in the number of internally displaced persons (IDPs).<sup>10</sup> One of the main causes of displacement is the struggle for control of land for the cultivation of crops for the illicit market, as well as the rearming of paramilitary groups.<sup>11</sup> CODHES estimates that in the department of Guaviare, where more than 24,000 hectares were fumigated during 2007 and 2008, “60 to 70 percent of total displacement . . . is linked to the economic crises that fumigations wreak upon farming families.”<sup>12</sup> Displacement further exacerbates already precarious living conditions, and thereby increases the likelihood that many displaced persons will opt for coca cultivation as a survival strategy. An April 2009 assessment of Plan Colombia’s impact on illicit crops prepared for the U.S. Agency for International Development (USAID) noted that:

“[A]s displacement due to eradication as well as due to conflict critically jeopardizes access to legal employment — including by guaranteeing that the displaced people do not have titles to land — the displaced population is all the more vulnerable to resorting to coca cultivation as a coping mechanism.”<sup>13</sup>

vii During the years when forced eradication was carried out in Bolivia, violent confrontations and highway blockades shut down regions of the country for months at a time. At the root of the protests were the combination of the government’s failure to deliver on its promises of economic assistance and the human rights violations that often resulted from forced eradication operations, including extrajudicial executions, illegal detentions, and torture. Currently in Peru, there are also allegations of serious human rights violations committed during eradication operations. In March 2008, Elsa Malpartida, a member of the Andean Parliament, presented a case to the Inter-American Commission on Human Rights regarding violations that occurred during eradication activities in Peru’s Upper Huallaga Valley; the case was pending at the time of this writing.

Not surprisingly, forced eradication's array of negative impacts on the affected communities tends to sow distrust of the government and international agencies, undermining the chances for cooperation on development efforts that could help lessen reliance on crops for illicit markets. According to the 2005 World Bank cited previously, unless alternative livelihoods "are already in place, premature eradication can alienate the affected population and damage the environment for rural development."<sup>14</sup> The German government's aid cooperation agency, GTZ, has concluded that forced eradication is incompatible with development, because it creates distrust between donors, state agencies and recipient communities. Similarly, the European Union (EU) considers that "unless alternative livelihoods are available, [forced eradication] could undermine sustainable solutions and thus fail in achieving its goals."<sup>15</sup>

An especially damaging consequence of the distrust of the government that forced eradication can generate or reinforce is to strengthen local support for illegal armed actors, including as defenders against government eradication efforts. This dynamic is already clear in parts of Colombia where widespread forced manual eradication and fumigation has been carried out without viable economic options in place for those whose crops are destroyed. The April 2009 Plan Colombia assessment prepared for USAID noted that in the department of Nariño:

"Forced eradication in the absence of alternative livelihoods fosters a positive relationship between the population and the armed actors, despite the population's resentment against the brutality of the armed actors and the lack of appeal of the vestiges of their ideology. Eradication without alternative livelihoods thus pushes the population into the hands of belligerents, resulting in the population's unwillingness to provide intelligence on the armed actors to the state."<sup>16</sup>

In his critique of forced eradication in Afghanistan, Holbrooke insisted that "The farmers are not our enemy. It's the drug system. So the U.S. policy was just driving people into the hands of the Taliban."<sup>17</sup> Holbrooke was not merely engaging in conjecture. As David Mansfield, a development expert with a

dozen years of in-depth fieldwork in rural Afghanistan testified before Congress in October 2009:

"Where eradication or a ban on cultivation has been implemented on populations that do not have viable alternatives, there are signs of farmers actively looking to oppose the government and seek the support of the insurgency."<sup>18</sup>

Resorting to aerial spraying to destroy Afghan opium poppy — as some U.S. officials pressed for during the Bush administration — would represent "a major propaganda victory" for the Taliban. "An intensive eradication campaign," according to Mansfield, "particularly one that involves spraying chemicals, would undoubtedly further damage if not destroy any trust that rural communities might have for their government."<sup>19</sup>

### **Opening the Debate**

The failure of forced eradication to achieve durable reductions in Andean coca growing is not new. The U.S. and UN cultivation estimates, problematic as they may be, are clear enough in terms of the long-term stability of crop cultivation and drug production. Indeed, the intensified eradication efforts of recent years, especially as part of Plan Colombia, came in response to earlier failures to contain coca growing. Beyond the continuing political allure of tough-sounding policies like forced eradication, the status quo U.S. approach has persisted, despite its failures, because the policy itself has become institutionalized, discouraging consideration of alternatives. Thus, disappointing results are attributed simply to inadequate resources or faulty implementation, rather than to any fundamental flaws in the strategy itself. Ultimately, even when acknowledging that the results are less than hoped for, defenders of the status quo policy contend that the situation would be far worse if the U.S.-backed forced eradication campaigns had not been waged.

But the escalation of forced eradication undertaken as part of Plan Colombia (as well as the U.S.-backed poppy eradication campaign in Afghanistan) has made such arguments increasingly difficult to sustain. The heightened U.S. investments have not altered the basic results, even as the unintended — but by now predictable — negative consequences have become



PHOTO BY DAVID MANSFIELD

A four-year-old girl harvesting opium in Chaghcharan District, Ghor Province, Afghanistan, July 2008.

ever more apparent. Implicit in the contention that things would be far worse without forced eradication is the idea that there is no possible alternative to our long-standing policies that might achieve better results or cause less damage. Nor does the contention that we would be worse off without forced eradication allow for the possibility that the strategy is not only ineffective, but actually counterproductive.

Fortunately, even as the evidence of forced eradication's failure has mounted, a growing body of research and experience is pointing to more promising options for sustainably reducing coca and poppy cultivation. Rather than continue to focus on destroying crops that are sooner or later replaced, a "development first" approach emphasizes improving the economic options available to coca and poppy farmers, permitting gains in their welfare that can eventually translate into reduced reliance on crops for illicit markets.

Such an approach recognizes that the crops themselves make a poor target for policy, because they are so readily replaced and because the crops account

for such a tiny fraction of the eventual street price of cocaine and heroin. As a result, even the most dramatic eradication campaigns do not have much long-term impact on drug availability and price. A development-first approach also recognizes that as long as the tens of thousands of poor farmers who bear the brunt of forced eradication have so few survival options, they will continue to resort to coca and opium poppy growing. Durable success in reducing such crops will therefore depend on real improvements in the prospects of these farmers and their families.

Rather than once again intensify an approach that shows little promise of ever delivering the intended results, U.S. policymakers now have the opportunity to steer U.S. strategy onto a more promising path, upon which many other governments and donors are already embarked. With its considerable resources and commitment to international drug control, an emphasis by the U.S. government on development could help set the stage for sustainable progress in containing and eventually reducing cultivation of crops for illicit markets.

An important aspect of such a shift in emphasis would be the adoption of more realistic expectations for what can be achieved in supply-side drug control, and how to measure performance. History has shown that sudden, sharp drops in coca or opium poppy cultivation are either unlikely or unsustainable; the "quick-fix" approach epitomized by forced eradication has achieved countless immediate tactical successes over the years, but has never come close to helping create the conditions to sustain success, and indeed actively undermines such conditions. Instead of focusing exclusively on short-term variations in indicators such as crop cultivation, an emphasis on development would entail shifting attention to trends in the well-being of the people engaged in growing such crops, or vulnerable to doing so. Such trends could be measured with the human development indicators pioneered by the United Nations Development Programme, and by assessments of the extent to which viable alternative livelihoods are actually in place for the affected communities. Over time, improved prospects in legal livelihoods should allow for lessened reliance on coca and poppy cultivation.

At the same time, even the best designed and implemented development strategies will stand little chance of success in eventually containing crops if

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global demand for cocaine and heroin continues to grow — meaning that demand reduction must become a top priority in fact, not just in rhetoric. This more realistic outlook would help put drug control policy on a sounder, less harmful course.

### TURNING CONCEPTUAL INNOVATIONS INTO TANGIBLE DEVELOPMENT ACHIEVEMENTS

The lessons learned from decades of efforts provide guidelines for an approach to improving the lives of some of the world's poorest people and ultimately reducing the cultivation of crops destined for the illicit drug market. While there is as yet no long-term success story in Latin America, strategies aimed at improved quality of life and income-generating opportunities have achieved success in other parts of the world. Understanding the factors that have contributed to the few successful cases of reducing crops cultivated for the illicit market can help put U.S. policy on better footing.

An appreciation of current thinking on how to promote development in areas where coca and poppy are thriving also requires understanding the field's conceptual evolution since the 1970s. Progressing from the notion of “crop substitution” projects to “alternative development” programs, and then to an “alternative livelihoods” approach has generally involved a transition from isolated, project-specific interventions to broader, multi-sectoral policies aimed at reducing farmers' reliance on crops for the illicit market by addressing the structural and institutional factors that shape their decisions to grow coca or opium poppies.

As far back as the 1970s, the U.S. government began promoting crop substitution programs, which were intended to replace crops deviated to the illicit market with legal agricultural alternatives. These programs predominated through the 1980s. But little attention was initially paid to the myriad of problems that led farmers to grow coca in the first place: lack of roads and transportation infrastructure, no access to credit and markets, inadequate irrigation and the

like. Moreover, it quickly became evident that finding agricultural alternatives with consistent advantages over coca production was extremely difficult. The overly simplistic notion of crop substitution came to be replaced by that of alternative development, which sought to address these structural problems and also provide other sources of economic income in addition to farming, such as the industrialization of agricultural produce and off-farm employment opportunities.

Today, the alternative development concept has broadened into the idea of alternative livelihoods. Donors such as the European Commission (EC), UNODC, the Food and Agricultural Organization (FAO), and the German Federal Ministry for Economic Cooperation and Development, as well as implementing agencies such as GTZ, have embraced the idea that in addition to addressing the underlying structural conditions faced by small producers, their overall quality of life must be improved, including improved access to health care, education, housing and the like. Alternative livelihoods thus refers to “improving living conditions in the cultivation region as a whole, to reducing violence, and to integrating areas that have been excluded from the life of the rest of the country.”<sup>20</sup>

In short, successful economic development in the broadest sense and institutional strengthening are required to create the conditions by which poor farmers can gradually reduce their reliance on coca and poppy crop production. The EU has concluded that:

- ▶ “No single project or program can address the multiple factors that drive illicit drug production;
- ▶ Evidence points to the fact that it is a combination of improved governance, security and economic growth that will deliver the development impact required to improve the life and livelihood of primary stakeholders<sup>viii</sup> and reduce illicit drug [crop] cultivation; and

viii Primary stakeholders are those in the community or region benefitting from the project or economic development strategy.



Woman drying cacao seeds which will be sold to chocolate manufacturers, Nariño Department, Colombia, 2004.

PHOTO BY SANHO TREE

- Development assistance in illicit crop producing areas should be undertaken in full compliance with the overall aims of human rights protection, poverty alleviation, conflict prevention and resolution, peace building and human security.”<sup>21</sup>

Not every strategy that its backers may term an “alternative livelihoods” approach will merit the label. Many interventions are so narrowly drawn, so poorly coordinated with other relevant policies, so out of touch with the needs and priorities of local communities, and/or premised on such quick timetables for crop reductions that they will predictably fail to achieve their objectives — and thereby contribute to confusion regarding the nature and worth of what has come to be known as the “alternative livelihoods” approach.<sup>22</sup>

To avoid this confusion, and to ensure that arguments over labels do not distract attention from the substance of the policy challenge, it is crucial that

“alternative livelihoods” be understood as a desired outcome that, if attained, will contribute to drug control success. And achieving development goals will require policies that extend well beyond what has been traditionally considered counter-narcotics strategy. This means, as David Mansfield has phrased it, that “counter-narcotics needs to be integrated within the wider process of state building and economic development.”

“Evidence in other drug-crop-producing countries, as well as in Afghanistan, points to the fact that the combination of security, economic growth and governance is needed to deliver the development impact that will reduce overall dependency on opium poppy cultivation.”<sup>23</sup>

In referring to a development focus with the short-hand of “alternative livelihoods,” this report intends to convey and promote a comprehensive understanding of the concept, with special emphasis on alternative livelihoods as a *goal* — not simply as a program or set of activities — and on the multifaceted requirements of rural development success, where viable, sustainable legal economic options are themselves contingent upon improved security and governance. Moreover, because the characteristics of the affected communities and local dynamics can vary considerably, there is no single recipe for “alternative livelihoods” success.

In any case, it has become clear that pursuing dramatic reductions in illicit crops over a short time frame — without considering the detrimental impact on the local population — has aggravated poverty, undermined security, and hindered governance. It is no coincidence that policies that tend to worsen poverty, security, and governance cannot achieve their drug control aims either. Successful pursuit of development goals will not be easy or quick, but it is surely better to build success gradually than to rush constantly into one predictable failure after another.

### **Thailand’s Success in Eliminating Opium Poppy Cultivation**

The one country considered to have most successfully implemented the alternative livelihoods model is Thailand, which succeeded in virtually eliminating opium poppy cultivation as a result of comprehensive and participatory economic development and

*One of the key lessons from the Thai experience is the importance of community buy-in and community involvement in the design, implementation, and monitoring and evaluation of development efforts.*

nation-building efforts sustained over a thirty-year period. While it may be difficult to replicate the Thai experience in other parts of the world, it provides a good case study from which “best practices” can be discerned.

Beginning in 1969, the Thai government sought to integrate highland communities into national life and later carried out sustained economic development activities over a thirty-year period. Three stages can be identified: crop replacement (1970s), rural integrated development (late 1970s to late 1980s) and participatory alternative development (1990 on).<sup>24</sup> Early on, the lesson was learned that agricultural alternatives alone — such as peaches, cabbage, coffee and cut flowers — were insufficient, and increasing emphasis was placed on provision of social services (such as health clinics and schools) and infrastructure development (such as roads, electricity, and water supply facilities). The ultimate result was steady improvement in the quality of life and increased opportunities for off-farm employment and income. Over time, emphasis was also placed on developing new markets, environmental sustainability, and strengthening community structures.

The approach taken in Thailand evolved over time as experiences were evaluated and incorporated into strategies and plans. During the first phase, the strategy was defined primarily by international donors, with little participation by local communities or even the Thai government. By the second phase, the Thai government was fully involved (with the public backing of the King, which was politically significant). It was only in the last phase that local community participation was sought; however, one of the key lessons learned from the Thai experience is precisely the importance of community buy-in and community involvement in the design, implementation, and monitoring and evaluation of development efforts.

In Thailand, reports Ronald Renard, “acquiescence by the villagers gave way to acceptance, then agreement,” as empowering local communities became a government priority.<sup>25</sup> Keys to success included: promoting new organizations such as “village

communities, youth groups, women’s groups, credit funds and rice banks;” treating villagers as intellectual equals and recognizing their expertise from working and living in the region; building familiarity with and respect for the communities; involving local communities in project monitoring, evaluation and problem solving; and promoting the development of local leadership.<sup>26</sup>

It was only after about 15 years of sustained development efforts that crop reduction efforts began in 1984. While some forced eradication took place, proper sequencing ensured that peasants were not compelled to replant. They were able to gradually reduce poppy production as other sources of income were developed. Over time, poppy eradication slowed and then practically ceased altogether. By 1986, “cultivation levels were lower than demand for local consumption.”<sup>27</sup> The entire process took about 30 years. Yet the results have proven sustainable, as only very small pockets of poppy cultivation persist. The lessons from the Thai experience underscore the importance of:

- ▶ The integration of alternative development programs into local, regional and national development plans;
- ▶ Large investments in infrastructure, health, education, and other services that will improve overall quality of life;
- ▶ Local institution building;
- ▶ The involvement of local communities in all stages of the development process and in crop reduction efforts; and
- ▶ Proper sequencing, such that alternative sources of income are in place prior to crop reductions.

Any approach to development will need to be adapted to local realities; however, it is important to note that certain factors in the Thai case could make it difficult to replicate. Poppy was grown in fertile areas where other crops were also easily produced. Steady economic growth in the 1980s and 1990s allowed for government investments in infrastructure and other programs. And opium poppy cultivation levels were

lower in Thailand to begin with, by comparison to the situation in Laos or Burma.<sup>ix</sup>

Another factor explaining the success in Thailand was the strong relationship between local demand and local production. Much of the opium produced was consumed locally and hence demand reduction programs were carried out simultaneously with alternative livelihoods efforts. The decline in local demand went hand in hand with the decline in local poppy and opium production — although some consumers switched to heroin, as described below. Although in Latin America the demand for drugs is generally located outside of the crop production zones, the Thai experience illustrates the benefit of addressing the demand and supply side at the same time.

But success was not without its unintended negative consequences. As a result of the gains made in Thailand, poppy and illicit drug production shifted to Burma and other neighboring countries. The assumption that decreased opium availability in Thailand would reduce the country's consumption of illicit drugs overall was proven wrong. As opium became less and less available and affordable, the use of heroin (which was cheaper) surged, which in turn caused an increase in HIV/AIDS. Moreover, in other regards, Thai drug control policy has been harshly punitive. The 1998 declaration of a “Drug Free ASEAN” (Association of Southeast Asian Nations) led to the adoption of a zero-tolerance approach in Thailand. A 2003 crackdown resulted in the killing of an estimated 2,300 alleged drug users and small-scale traffickers.<sup>28</sup>

### **Burma and Laos: Reduced Opium Poppy Cultivation, but How Sustainable?**

The Golden Triangle of Thailand, Laos, and Burma once produced more than 70 percent of the world's opium supply, most of which was refined into heroin. Today, according to UNODC, those countries produce only about 5 percent of the world total.<sup>29</sup> Production has shifted to what is known as the Golden Crescent, the poppy-growing areas in and around Afghanistan, where more fertile growing conditions, shifts in global market trends and other factors have led to a near doubling of opium production worldwide since 1998. According to the UNODC, over 80 percent of world

poppy cultivation and over 90 percent of world opium production now takes place in Afghanistan.<sup>30</sup>

While experts debate the exact size of the decline in opium poppy production in Southeast Asia, there is no question that significant reductions have taken place over the last decade.<sup>31</sup> Both Thailand and Vietnam are now considered virtually opium poppy free, while Laos and Burma have significantly reduced cultivation. These production shifts took place in the context of the 1998 declaration by the ASEAN countries for the region to be “drug free” by 2020, a date that was later moved up to 2015. In February 2006, the government of Laos declared the country to be opium-free, though there is still some small-scale production in remote areas. Thailand and Laos are now net importers of opium, whereas Burma is still an exporter.<sup>32</sup> In the cases of both Laos and Burma, however, there are serious questions as to the impact of the crop reductions on farmers' socio-economic situation and whether these reductions are sustainable.

According to the Lao government, its poppy elimination strategy relies on the provision of alternative sources of income; it denies having used force to stop cultivation. Some progress is evident in garnering increased international support and “mainstreaming” alternative development efforts into national development strategies. According to key international donors such as the EC and UNODC, Laos provides an example of where drug policy concerns were incorporated into national development plans ensuring greater impact and greater coordination with international donors: “The Asian Development Bank, bilateral agencies and other parts of the United Nations System had increasingly become part of a donor dialogue and operational response to the underlying causes of opium poppy cultivation in remote rural areas.”<sup>33</sup>

However, the assistance provided to date is inadequate compared to the scale of the reductions in poppy cultivation in the government's effort to create “drug free villages.” Moreover, a study by the Transnational Institute (TNI) found evidence that the government did in fact resort to forced eradication to eliminate crops. According to one international aid worker, “First they go to a village and tell people they

ix In 1989, the military government changed the country's official name from Burma to Myanmar. Using either name has since become a highly politicized issue. Although the UN uses Myanmar, most English-language reporting about the country refers to Burma, so we have opted to do so as well.

should not grow opium. The next time they confiscate the seeds, and later they destroyed fields.”<sup>34</sup> Another aid worker concurred that the policy focused more “on eradication than finding alternatives to opium. They pushed for opium elimination before economic development was in place.”<sup>35</sup>

Evidence compiled by international aid workers indicates that the quality of life of the villagers in the regions affected by the drug-free policies has deteriorated significantly, as most of those affected have not been able to find sufficient alternative sources of income and cannot meet basic food requirements. Many villagers have been forced to migrate from their highland villages and have become dependent on emergency food from the UN’s World Food Program. According to a UNODC study cited by TNI, “about half of all ex-opium producing villages were likely to go back to cultivating opium due to a lack of alternative sources of income.”<sup>36</sup>

Similar concerns surround opium poppy reductions in Burma, though continuing conflict in that country creates a more complex scenario.<sup>x</sup> As in the case of Laos, in areas where opium poppy is cultivated, it is the primary cash crop and provides the income needed for food and household needs, education, and healthcare — all of which are affected if that source of income is eliminated before alternatives are put in place. Unlike Laos, farmers in Burma risk harsh prison sentences if they fail to comply with local bans on opium poppy production. In the areas where such bans have been put into place, family income has been reduced dramatically; of particular concern is the inability of families to meet basic food needs and the impact of growing malnutrition. In the Wa region of Burma, family income may have been reduced by as much as 50 to 60 percent.<sup>37</sup> TNI concludes: “People have been forced, therefore, to adapt their diet, become indebted, sell household assets, remove children from school, and opt to take no medical treatment.”<sup>38</sup>

UNODC reported a nearly 30 percent increase in opium poppy production in Burma in 2007, citing two key reasons. Poppy production has been shifting to areas of the country more conducive to the drug trade due to high levels of corruption, and production has been shifting from small farmers to criminal groups.<sup>39</sup>



PHOTO BY TOM KRAMER, TNI

Farmers harvesting opium in Long Tan in Wa region in northern Burma, 2004.

UNODC also notes that the level of assistance provided by UN agencies and other donors has been insufficient to meet the magnitude of the food shortages among the population affected by the opium bans.<sup>40</sup> The international boycott of the military junta in Burma and the overall humanitarian crisis across the country further complicate the efforts of donor agencies.

Current levels of development aid and humanitarian assistance remain inadequate to offset the losses faced by poppy farmers in both Laos and Burma, so the sustainability of the opium poppy reductions in both countries is in serious doubt. Moreover, food prices are falling while opium prices are rising, creating incentives for farmers to return to poppy production. In Laos in 2008, the price of corn was cut in half, while the price of opium increased 26 percent.<sup>41</sup>

In both Laos and Burma, the governments failed to take into account one of the primary lessons learned in Thailand: Alternative sources of income and improved livelihoods must be fully implemented *prior* to efforts to secure crop reductions. Without proper sequencing, short-term gains will ultimately be reversed as farmers are left with little choice but to replant. Moreover, a long-

x In general, TNI has found that “opium cultivation takes place in conflict areas, no matter which party has control.” See Martin Jelsma and Tom Kramer, *Withdrawal Symptoms: Changes in the Southeast Asian drug markets*, The Transnational Institute, Drugs and Conflict Debate Papers No. 16, p. 10.

*In Laos and Burma, the governments failed to take into account one of the primary lessons learned in Thailand: Alternative sources of income and improved livelihoods must be fully implemented prior to efforts to secure crop reductions.*

term time frame, continued commitment and flexible funding are needed; setting unrealistic objectives and deadlines is counterproductive in the long-run.

As described in the case of Thailand, successful disruption in illicit drug production can contribute, however unintentionally, to more serious illicit drug consumption problems. In the Golden Triangle, as the opium and heroin markets have shrunk, amphetamine-type stimulants (ATS) have emerged as the drug of choice, particularly for younger users. According to TNI, the overall trend in the regional market is a shift from opium/heroin to ATS as the consumers' drug of choice on the market today.<sup>42</sup> These conclusions point to the need for comprehensive regional approaches to drug production issues and improved research on how crop reduction and law enforcement efforts influence market dynamics and drug consumption patterns.

### **Alternative Livelihoods in Latin America**

In contrast to Thailand and the other countries in the Golden Triangle, the Andean countries of Bolivia, Colombia and Peru have had far less success in stemming coca cultivation destined for the illicit market. As noted, despite the billions of dollars spent on crop eradication, interdiction, and alternative development over several decades, coca production in the region as a whole has remained remarkably constant. Certainly some improvements have been made in the design and implementation of alternative development efforts, and there are isolated success stories.<sup>43</sup> However, some of the key lessons learned in Thailand have yet to be applied to Latin America.

With the exception of Bolivia since the election of President Evo Morales, all three countries have conditioned the provision of development assistance on the prior eradication of coca and poppy crops. Neither the concepts of proper sequencing or of “mainstreaming” have taken hold. A 2008 report by key donor agencies observes:

“In the Andean countries there was less experience of integrating drugs as a cross-cutting issue within national and regional development

programs and alternative development is still largely associated with a project approach. Both national governments and multilateral development agencies have so far been reluctant to move out of this more narrow approach and explore how wider rural development initiatives might maximize counter narcotics outcomes ... [M]ainstreaming faces both technical and political challenges in the region.”<sup>44</sup>

Moreover, tensions around forced eradication and the tendency to view coca farmers as criminals create conditions whereby community involvement in project design and implementation is difficult if not impossible.

Another important factor in Latin America is the implementation of economic development models that favor export agriculture through expanded access to global markets and trade liberalization, both of which can be detrimental to small farmers. Liberalization can lead to a flood of cheap imports which undermine domestic producers, previously protected by tariffs or other government supports. The result can be a significant decline in living standards for the rural poor and decreased food security.<sup>45</sup>

A thorough assessment of alternative development programs in the Andean region is beyond the scope of this report. Indeed, far more research needs to be done on the decision-making processes of coca farmers, evaluating the impact of alternative development efforts to date (including a comparison of those projects supported by USAID and those funded by other international donors) and how best to redesign strategies. However, a brief consideration of alternative development efforts in Colombia and Bolivia provide some insights as to what a more effective strategy for the region might look like.

### **ALTERNATIVE DEVELOPMENT IN COLOMBIA: ON THE LEARNING CURVE**

Of all of the coca-producing countries in the region, Colombia presents the greatest challenges to implementing an effective alternative livelihoods

strategy. As a result of the country's on-going internal armed conflict — with the presence of anti-government leftwing guerrillas, fragmented rightwing paramilitaries that persist despite a formal demobilization process, and organized criminal groups — many parts of Colombia remain plagued by violence and lawlessness. Colombia has a long history of impunity, criminality and involvement in contraband, facilitated by its geographic location and a historically weak central government. This combination of impunity and absence of the state in wide swaths of the country allowed the illegal drug trade to take root and flourish. While security has certainly improved in many of Colombia's major population centers, violence and impunity continue to bedevil many parts of the country, especially in rural areas.

Development efforts are also frustrated by the national government's tight control over development aid and its unwillingness to support agricultural development policies and projects that do not fit its particular political agenda. In particular, the lack of access to productive land and adequate credit for smallholders has been a long-standing and severe impediment to improving opportunities for poor rural populations. Macroeconomic gains, including growing international trade and foreign investment, "have not been translated into significant reductions in the deep and persisting poverty of the rural areas or into reductions in substantial inequality."<sup>46</sup> The April 2009 assessment of Plan Colombia prepared for USAID emphasized the importance of addressing the structural and policy obstacles to rural development in Colombia:

"For many, coca cultivation or other illegal activities present the only perceived opportunity for social advancement or at least marginal improvements in socio-economic conditions. To a large extent, the failure of the robust macroeconomic growth to trickle down to the marginalized population of the rural areas is a function of the political economy of Colombia that favors capital and large land-owners, but taxes labor heavily and disadvantages small farmers."<sup>47</sup>

Moreover, notwithstanding the palpable security improvements achieved in some parts of Colombia in recent years, local populations in many rural areas continue to be severely threatened and victimized by illegal armed groups. Even where security has improved, other basic public goods and services are still lacking, as the government has been slow to "supplement the advances in security with comparable investments in the social and economic sphere."<sup>48</sup>

For many years, Colombia received no U.S. alternative development assistance; it was only with the surge in coca production in the early to mid-1990s and the subsequent launch of Plan Colombia that the U.S. government began pouring hundreds of millions of dollars a year into counter-drug efforts in that country. For most of the past decade, the vast majority of that assistance was allocated to military and police programs. In a welcome shift, in 2008 the U.S. Congress increased funding for non-military programs by nearly \$100 million. While approximately 65 percent of U.S. funding continues to fund military and police efforts, USAID now has significantly more resources at its disposal for an array of non-military initiatives, such as programs for human rights protections, internally displaced persons, and alternative development. The alternative development assistance provided by USAID "represents the largest amount of money dedicated to rural development in Colombia."<sup>49</sup>

Initially USAID supported short-term income generating projects that were concentrated in the southern departments of Caquetá and Putumayo where coca growing was concentrated at the time.<sup>xi</sup> These were run by U.S.-based contractors with little or no previous knowledge of the complex political, economic, and social dynamics of the conflict-plagued areas. As remains the case today, alternative development projects were fumigated with disturbing frequency. Local communities were not sufficiently involved in project design and implementation, and the results were predictable: The projects largely failed.

In 2002, USAID redesigned its approach, moving resources outside of southern Colombia and encouraging private sector investment. In 2006, USAID undertook another strategy revision,

xi Coca cultivation also proliferated in the Guaviare department, but the strong FARC presence discouraged the development of such programs there.



AP PHOTO/FERNANDO VERGARA

Counter narcotics police officers uproot coca bushes in Villa Garzon, Putumayo Department, Colombia, 2008.

refocusing on specific geographic corridors that “are intended to act as a magnet, providing legal economic opportunities to attract individuals from regions that cultivate illicit crops, while also preventing people in the corridors from cultivating coca.”<sup>50</sup> With these revisions, USAID has moved away from a crop-substitution approach.

Two major projects are at the heart of USAID’s present alternative development strategy: More Investment for Sustainable Alternative Development (MIDAS) and Areas for Municipal Level Alternative Development (ADAM). MIDAS “promotes private-sector led business initiatives and works with the Colombian government to make economic and policy reforms intended to maximize employment and income growth.”<sup>51</sup> ADAM “works with individuals, communities, and the private sector to develop licit crops with long-term income potential, such as cacao

and specialty coffee.”<sup>52</sup> A third Colombian government program, the Forest-Warden Families Program, provides selected families with a monthly stipend to keep their land free of illegal crops; however, USAID does not support this initiative.

While Colombian NGOs and communities who previously refused to accept USAID funding are now more open to the possibility given the increased emphasis on the economic side of the Colombia aid package, many potential recipients remain wary that USAID decisions about how and where to target those funds will be heavily influenced by the Colombian government. In the case of Afro-Colombian communities, for example, rather than fund the “Long Term Development Plan for Afro-Colombians” that was developed in accordance with Law 70,<sup>xii</sup> the administration of President Álvaro Uribe has instead established an “Inter-Sectoral Commission for the

*The GAO noted that “USAID currently has almost no alternative development projects in areas where the majority of coca is grown.”*

Advancement of Afro-Colombians,” led by the Vice President. The Inter-Sectoral Commission has held its own consultation sessions with selected Afro-Colombians in the regions. This has undermined the authority of the Community Councils — which are designated by Colombian law to make development decisions about their territories — and has weakened their ability to determine the course of funding and projects for their communities. This in turn has led to confusion among international donors interested in supporting these communities.

In its October 2008 study of the impact of Plan Colombia, the U.S. Government Accountability Office (GAO) noted that “USAID currently has almost no alternative development projects in areas where the majority of coca is grown.”<sup>53</sup> The projects have moved from remote areas in the south to western parts of Colombia where markets and transportation routes are more developed and where “greater potential exists for success due to access to markets, existing infrastructure, and state presence and security.”<sup>54</sup> But the shift of development efforts away from the zones where the majority of coca is currently grown also limits the opportunities to directly assist Colombian coca farmers reduce their reliance on illicit crops.

The Plan Colombia assessment prepared for USAID in April 2009 credits alternative development programs with “clearly improving the lives of those to whom they are available,” but also notes that such programs “reach only a small percentage of the population in need, and critical structural drivers of coca cultivation and obstacles to licit livelihoods persist.”<sup>55</sup> The assessment authors estimated that nearly 800,000 people in the country’s chief coca-growing municipalities were “vulnerable” to becoming coca producers, meaning that they shared key characteristics of current coca farmers.<sup>56</sup> Despite the “localized successes” that alternative development has achieved, the researchers reported a

“pervasive sense among Colombian actors charged with implementing alternative livelihoods policies that their programs reach less than 10 percent of families cultivating coca. This percentage becomes even smaller if one includes the numbers of families vulnerable to coca cultivation because of the insecurity of the area where they live and their attendant difficulties in cultivating and selling legal crops.”<sup>57</sup>

The assessment found that Colombian coca growers are quite willing to pursue livelihoods that entail less income but afford better security. But farmers face an array of “systemic structural obstacles” to transitioning to legal livelihoods, including: insecurity, frequently with a heavy presence of illegal armed groups; lack of access to land; lack of titles to land; and lack of irrigation, roads, credit, technical assistance, and established markets.<sup>58</sup> In addition, the development resources devoted by the U.S. and Colombian governments were found to be inadequate, not only to meet the needs of the wider population vulnerable to growing coca, but to achieve their objectives among beneficiary families. For example, the assessment noted that food security programs “do not sufficiently offset income losses to assure food security” among families whose coca crops have been eradicated.<sup>59</sup>

In addition to these formidable obstacles to alternative livelihoods, the assessment prepared for USAID emphasized that the Colombian government’s own so-called “zero coca” policy also hinders development of the country’s main coca-growing areas by preventing provision of crucial assistance. The “zero-coca” policy conditions delivery of any aid (including food security) on the proven eradication of all coca in an entire area. In practice, communities that are less dependent on coca succeed in eradicating it and qualifying for aid, while “communities that face

xii In 1991, Colombia’s constitution was amended to recognize the country’s ethnic plurality. In 1993, Colombia passed Law 70, known as the “Law for the Black Communities,” whereby the state recognized the right of black communities to their collective property, and committed to protecting their cultural identity and rights as an ethnic group and to fostering the economic and social development of black communities.



PHOTO BY SANHO TREE

Transporting livestock or legal produce is a monumental challenge compared to moving a kilo of coca paste by motorcycle or horseback. Guaviare Department, Colombia, 2009.

the greatest insecurity and largest economic obstacles to abandoning coca are left without assistance.”<sup>60</sup> The evaluators underscored the perverse results of the “zero-coca” policy on efforts to reduce illicit crop cultivation:

“The precondition that all coca in an area be eradicated first thus frequently seriously jeopardizes the sustainability of illicit crop reductions. Only farmers who have sufficient resources for legal livelihoods available prior to eradication are likely to weather the gap between eradication and the time when alternative development efforts start generating income.”<sup>61</sup>

A consultation initially proposed by Lutheran World Relief (LWR) between humanitarian aid agencies, representatives of rural communities, and USAID also revealed serious concerns regarding USAID alternative development programs in Colombia. (The willingness of USAID officials to engage in such dialogue represented a welcome departure from past practice.)

Concerns included the failure to date “to provide sustainable agricultural options to coca growing families,” the lack of support for “local and regionally designed development plans,” the promotion of “agro-business models aimed at strengthening private industry and export capacity,” and the “failure to protect these projects from aerial spraying.”<sup>62</sup>

A major point of contention also emerged over differing concepts of development. According to USAID, its approach is to promote “market-driven, private sector-led alternative development.”<sup>63</sup> Toward that end, USAID encourages large export-oriented and/or agri-business projects. This approach may lead to economic growth and to income-generation for large companies or those who already have the resources to invest; however, it does not necessarily reduce poverty, generate employment, or increase food security for the rural poor. Afro-Colombians and indigenous communities each have their own distinct visions of development, but generally rural farmers advocate for sustainable, equitable development models that protect the environment and directly address the fundamental problem of food security, while respecting “traditional views of land management as practiced by indigenous, African-descent and rural communities.”<sup>64</sup> They also promote production of products for the local market and to guarantee food security, rather than for export.

While most coca is grown in small plots owned by small farmers, the agri-business projects supported by USAID (such as teakwood, rubber, cacao, bananas, and palm oil) are grown on large plantations owned by large companies or landowners whose operations tend to be more capital-intensive than labor-intensive. The failure to provide viable agricultural or employment alternatives to coca farmers means that coca production continues. Farmers forced off their land to make way for agri-business often move to other areas to replant coca. In short, USAID-supported projects as presently conceived have been criticized for:

- ▶ Generating little employment, at low wages;
- ▶ Exacerbating problems of food security, as land use is diverted from small-scale agricultural production to mono-culture for export;
- ▶ Encouraging concentration of land ownership, forcing small farmers off of their land;
- ▶ Damaging the environment, as large-scale monocultivation of export crops can alter soil structure and composition, disrupt wildlife and plant

*Farmers forced off their land to make way for agri-business often move to other areas to replant coca.*

species, cause deforestation and impact water sources;<sup>65</sup>

- ▶ Leading to infrastructure development to support the “mega-projects” that can also have negative impacts on the environment;
- ▶ Benefiting economic interests that are sometimes linked to paramilitaries;<sup>66</sup> and
- ▶ Leading to people being forced off their land by paramilitary forces to allow for the development or expansion of agro-industry.<sup>67</sup>

“Mega-projects” have also been criticized for facilitating the consolidation of illegal armed groups and local mafias. Perhaps the most extreme example of this is found in African palm oil “mega-projects,” which have led to illegal land seizures, internal displacement, violence and human rights violations targeting the Afro-Colombian population in areas such as the Chocó and Nariño. This ongoing crisis threatens the legally recognized collective territories of the Afro-Colombian population and weakens the authority of their Community Councils.<sup>xiii</sup>

The Center for the Coordination of Integrated Action (CCAI), which originated in the U.S. Southern Command and the Colombian Defense Ministry, is now seen by U.S. and Colombian officials alike as the template for future U.S. assistance to Colombia.<sup>68</sup> According to Adam Isacson of the Center for International Policy (CIP), the “Integrated Action” approach “follows a sequenced and phased strategy that, on paper at least, begins with military operations, moves into quick social and economic-assistance efforts to win the population’s support and is to end up with the presence of a functioning civilian government and the withdrawal of most military forces.” Voluntary and forced coca eradication is also undertaken.<sup>69</sup>

While CCAI is an explicitly inter-agency body and Integrated Action deliberately seeks a “whole of government approach,” the military in fact plays a very large role. This has given rise to concerns among human rights groups and analysts that the program

subordinates development work to military goals, expands the role of the military in tasks that should be carried out by civilian institutions, and could foster human rights violations, given the military’s predominant role. U.S.-based groups are encouraging USAID to focus its support on capacity-building for local civilian government institutions to deliver health, education and other social services, as well as justice, in conflict areas.

Based on in-depth research in two zones where Integrated Action is underway and receiving significant U.S. support, CIP published a December 2009 evaluation concluding that, “Despite the program’s flaws, it would do more harm than good to abandon or cease to support Integrated Action.”<sup>70</sup> However, CIP cautioned that that the model “could still go badly wrong,” and recommended several changes.

“A predominantly military program could give the armed forces dominion over all aspects of governance and development. Failure to address land tenure could concentrate landholding in fewer hands. Continued herbicide fumigations and mass arrests could undermine the population’s fragile trust in the government. Poor coordination between government bureaucracies could leave promises unfulfilled.”<sup>71</sup>

- CIP urged the U.S. and Colombian governments to:
- ▶ “Civilianize the Integrated Action strategy as soon as security conditions allow it;
  - ▶ Coordinate cooperation between disparate government institutions, and give political clout to the civilian coordinators so that they can compel participation;
  - ▶ Consult with communities about every decision that affects them;
  - ▶ Work carefully with, and be prepared to say “no” to, local political and economic elites;
  - ▶ Act more quickly to resolve land tenure and property rights;

xiii In July 2009, WOLA and the U.S. Office on Colombia wrote to USAID regarding concerns about human rights violations linked to palm oil projects: “Our concerns about palm oil stem from our work with Afro-Colombian, IDP and other communities where palm production has been connected to criminal networks, human rights violations and internal displacement. There exist well-documented reports of assassinations of community leaders or trade unionists resisting the plantation of palm oil in their territory or demanding palm oil workers’ rights for Puerto Wilches, Tumaco and Jiguamiandó and Curvaradó.”

**Excerpt from WOLA comments submitted to USTR, September 2009**

“[T]he current trade agreement would increase the likelihood that small farmers in marginal areas will turn to, or remain economically dependent upon, coca and poppy production. Poor infrastructure, inadequate irrigation systems and lack of access to effective credit already make licit crops economically unprofitable to rural peasants. Once heavily-subsidized U.S. products flood the Colombian markets, licit crops will become even less attractive for consumers and further increase the peasants’ dependency on illicit crops. Even conservative estimates indicate that in the initial years of FTA implementation, about 28 percent of the crops grown by small farmers and much of their livestock activities would no longer be viable. Presently, there are no government policies or programs in Colombia that would compensate these small farmers for their losses. The government’s current agricultural policy has been directed to protect and encourage large-scale producers. Even programs that are supposed to benefit small farmers have in practice been difficult to access and few resources have actually been allocated to small and vulnerable farmers.”

- ▶ Quickly and transparently investigate and punish any allegations of abuse, corruption or predatory behavior; and
- ▶ Commit to sustainability by making clear that this effort is for the long haul.”<sup>72</sup>

Despite the CCAI, a comprehensive program for rural development and enhancing civilian governance is still lacking in Colombia. In March 2009, Colombia’s Constitutional Court ruled that the Rural Development Statute (Law 1152, promulgated in 2007) was unconstitutional, because indigenous peoples and Afro-Colombian communities were not consulted prior to its implementation. Similarly, USAID’s alternative development program in Colombia suffers from lack of effective coordination with the intended beneficiaries; it could be improved significantly through meaningful and close coordination with farmers, existing community structures and civil society organizations, as well as local and municipal governments (with the caveat that special care needs to be taken in avoiding groups or governments permeated by the paramilitaries, drug traffickers or guerrillas).

Furthermore, the U.S. government should be aware of and prepared to address the potential impact on small farmers of an eventual U.S.-Colombia free trade agreement (FTA). Rural sectors including Afro-

Colombian and Indigenous communities stand to lose most from such agreements, as the lifting of tariffs on agricultural products can flood the local market with cheaper imports and significantly reduce or eliminate demand for locally produced crops. This could undermine alternative development projects and push even more farmers into coca and poppy production. In September 2009, WOLA submitted comments to the Office of the U.S. Trade Representative (USTR) that sought to highlight this risk (see box above).

The recent assessment of Plan Colombia prepared for USAID noted Thailand’s success in eventually eliminating opium poppy cultivation through a long-term process of rural development. At the same time, the assessment underscored the significant challenges still ahead if Colombia hopes to make similar progress:

“Thailand successfully transitioned its entire hill tribe population out of poppy production, primarily through a 30-year process involving investments in roads, communications, health, education, and improvement of social services. This ultimately made the hill tribe population an integral part of Thai society. Over a much larger geographic area, Colombia must engage in a comparable process of comprehensive investment in rural areas if it wishes to emulate Thailand’s success.”<sup>73</sup>

*The U.S. government should be aware of and prepared to address the potential impact on small farmers of an eventual U.S.-Colombia free trade agreement (FTA).*

### THE BOLIVIAN ALTERNATIVE: NOT WITHOUT PROBLEMS, BUT PROMISING

Under President Evo Morales, the Bolivian government has adopted a significantly different approach than Colombia. Attention to Bolivia, however, has tended to focus on the points of conflict in U.S.-Bolivian relations, such as the decision of Chapare coca farmers to no longer work with USAID alternative development projects, and the Bolivian government's expulsion of the U.S. Ambassador in September 2008 and of the Drug Enforcement Administration (DEA) in November 2008.

In response to the U.S. ambassador's expulsion, in September 2008 the Bush administration "de-certified" Bolivia, asserting that the Morales government had "failed demonstrably...to adhere to its obligations under international counternarcotics agreements,"<sup>74</sup> and later suspended U.S. trade preferences to Bolivia under the Andean Trade Promotion and Drug Eradication Act (ATPDEA). The Obama administration has continued Bolivia's suspension from ATPDEA, and also has deemed Bolivia to have "failed demonstrably" to honor its drug control commitments; it too "de-certified" Bolivia in September 2009. Nonetheless, U.S. counternarcotics assistance to Bolivia has continued, as has high-level dialogue to agree upon a new framework for bilateral relations.

Continuing a policy adopted in 2004, the Bolivian government allows farmers to grow a limited amount of coca to ensure some basic income, while working with coca grower federations and units of the security forces to voluntarily reduce overall coca production. Its economic development strategy in coca growing regions is to promote sustainable, equitable development, including infrastructure improvements and the provision of basic services, such as improved education and health care. Although this approach is a direct result of proposals put forward by Bolivian coca grower federations for years, it mirrors the alternative livelihoods approach.



PHOTO BY GODOFREDO REINICKE

Road blockade to protest new construction of anti-drug bases in Bolivia's Chapare region, 2000.

Until President Morales — a coca grower himself — assumed the presidency in January 2006, many of the same problems plagued alternative development efforts in Bolivia as in Colombia today. Forced coca eradication in Bolivia's Chapare coca growing region resulted in protests, violent confrontations, attacks on alternative development installations and human rights violations, including illegal detentions, torture and killings.<sup>xiv</sup> The resulting political unrest and instability contributed to the succession of five presidents over five years. During this time, eradication far out-paced the provision of alternative development assistance, causing significant declines in the already meager incomes, as well as the health and nutrition, of local families.<sup>75</sup>

For many years, USAID refused to work with the coca growers' federations or the local Chapare

xiv Between 1997 and 2004, 35 coca growers and 27 police and military personnel were killed; nearly 600 coca growers and 140 military and police were injured. Kathryn Ledebur, "Bolivia: Clear Consequences," in Coletta A. Youngers and Eileen Rosin, eds., *Drugs and Democracy in Latin America*, p. 164; and written communication from Kathryn Ledebur, 11 August 2005.



AP PHOTO/JUAN KARRITA

Bolivian coca grower holds her granddaughter as she watches soldiers eradicating her coca crops in Caranavi, northeast of La Paz, Bolivia, 2006.

municipalities, all run by coca grower leaders since the mid-1990s. It was only after ex-president Gonzalo Sánchez de Lozada fled the country in October 2003 that USAID changed this policy, a move welcomed by the municipalities. However, after the election of Morales, USAID suspended assistance to the Chapare municipalities for nearly a year. During this time, Chapare mayors sought out funding from the EU, European governments and Venezuela — funding without the political conditionality imposed by Washington. Projects continued, without U.S. support.

According to the Andean Information Network (AIN), when U.S. initiatives were resumed they were “increasingly irrelevant.” Moreover, a new requirement by the U.S. government that recipient communities sign a statement certifying that they were “terrorist-free zones” angered many local residents and community leaders, making them increasingly reluctant to accept U.S. assistance.<sup>76</sup> Furthermore, USAID once again conditioned 2007 assistance on coca eradication, at odds with Bolivian government policy and frustrating local farmers who have long

rejected such conditionality. USAID then announced that it was shifting most of its alternative development assistance to the La Paz Yungas region. Within this context, the Chapare coca grower unions announced in June 2008 that they would no longer sign agreements for new alternative development projects with USAID (see box on page 25).

The Morales government has adopted a new approach to the coca issue, while attempting to maintain a firm line against illicit drug trafficking.<sup>77</sup> The primary pillars of the new government’s strategy are:

- ▶ Continuation of cooperative coca reduction in the Chapare and extending it into other coca producing areas previously unaffected by forced eradication, while avoiding the violence and conflict that have characterized past efforts;
- ▶ Recognition of the cultural, religious, health and other positive attributes of the coca leaf;
- ▶ Industrialization of coca for licit uses; and
- ▶ Increased interdiction of precursors, cocaine and other drugs at all stages of production.

As noted above, the Morales government has continued the policy of permitting limited coca production within the Chapare region and primarily utilizing cooperative — rather than forced — eradication and has signed agreements to extend this approach to part of the La Paz Yungas region. In October 2004, the government of President Carlos Mesa signed an agreement with Chapare coca growers allowing each coca-growing family to maintain one *cato* of coca (1,600 square meters, or about one-third the size of a football field). Under the agreement, any coca grown beyond the limit is subject to elimination.<sup>xv</sup> The October 2004 agreement put an end to forced eradication; community cooperation is now the basis for limiting coca cultivation. As a result, the conflict and violence that was so often associated with forced eradication in the Chapare has nearly ceased.

Allowing limited coca cultivation provides families with subsistence income (and food security), affording greater flexibility to experiment with other agricultural products and seek out other income generating opportunities — key elements of a long-term coca

xv While the original accord stipulated a total 3,200 hectares of coca could continue to be grown by 23,000 families in the Chapare coca growing region, there are at least 40,000 families in the region. So the allowance of one *cato* per family results in a total of 6,400 hectares. Both the Bolivian government and coca growers agreed to interpret the agreement as 1,600 square meters per family, and Bolivian eradication forces have accepted this limit.

*Allowing limited coca cultivation provides families with subsistence income (and food security), affording greater flexibility to experiment with other agricultural products and seek out other income generating opportunities.*

**Excerpt from June 2008 memo on USAID in Bolivia's Chapare, by Kathryn Ledebur of the Andean Information Network**

During the past ten years, AIN, WOLA and other investigators have repeatedly highlighted the inherent flaws of USAID alternative development initiatives in the Chapare, especially during forced eradication. Key areas of concern included:

- ▶ Externally-designed and imposed initiatives developed without significant consultation with Chapare farmers.
- ▶ The great majority of funds dedicated to overhead, salaries of foreign consultants and other costs. [As one coca grower notes:] "Eighty percent of these resources went to pay the salaries of the Alternative Development personnel; twenty percent went to production, and only six percent for the producers. We only got crumbs, and we are still poor."
- ▶ From 1998-2003, farmers could only have access to USAID assistance after the complete eradication of their coca crop. As a result, families with no alternative income went hungry before agricultural initiatives kicked in, forcing them to replant coca.
- ▶ USAID projects refused to work directly with coca growers unions, although these strong organizations could have helped facilitate the implementation of projects. Instead, they formed parallel "associations" and demanded that farmers leave unions to receive assistance. This practice generated divisions and conflict within Chapare communities.
- ▶ Community promoters were asked to inform USAID contractors about their neighbors who continued to plant coca or spoke out against alternative development, further heightening tensions in the region.
- ▶ Poorly-designed agricultural initiatives lacked affordable transportation mechanisms and markets. Many farmers found that it was cheaper to let their products rot in the field than it was to take them to market.
- ▶ The majority of these projects failed due to the impracticality of transporting heavy produce without proper roads, the low-market price offered locally for fruit, and the inability for small-scale Bolivian producers to compete in international markets.
- ▶ A USAID-contracted lawyer filed narco-terrorism charges against over one hundred coca growers, including the bulk of the Six Federations leadership, for alleged attacks on alternative development installations.
- ▶ USAID placed increasing emphasis on work with private enterprise in the Chapare, which failed to pass profits on to or fairly compensate their employees.

reduction strategy. Moreover, the sanctions for non-cooperation are steep, ranging from the elimination of all coca to loss of landholdings (which are controlled by the coca growers' federations). The ability of the coca growers' federations to exert community-based monitoring or "social control" to ensure compliance with the *cato* policy is crucial to the relative success of the effort to date.

The EU is providing the Bolivian government with resources for the implementation and monitoring of the coca reduction strategy. This project includes support for:

- ▶ A geographic information system to monitor coca cultivation and hence compliance with the one *cato* limit;
- ▶ Communications and diffusion of information about social control;
- ▶ The institutional strengthening of producer organizations;
- ▶ The provision of infrastructure, equipment and technical assistance to allow the producer organizations to carry out social control;
- ▶ The registration and titling of coca producers' land; and
- ▶ Increased interdiction of precursors, cocaine and other drugs at all stages of production.

Implementation of the monitoring program is moving forward slowly. Nonetheless, this strategy can effectively gauge the political will of both the government and the coca growers' federations to

*For the most part the *cato* limit is being respected in the main areas of the Chapare where the peasant federations have significant control.*



PHOTO COURTESY OF ANDEAN INFORMATION NETWORK

Coca farmer in Bolivia's Chapare region, 2005.

implement meaningful crop reduction. Through this project, the EU supports efforts to limit coca production in Bolivia, while recognizing that some coca production will continue.

Another Bolivian government strategy to promote economic development in coca growing regions seeks to expand and develop alternative uses of the coca plant for products such as tea, as well as its industrialization. The coca plant has traditionally been chewed or consumed as a tea — *mate de coca* — served widely throughout Bolivia and Peru. More recently developed coca-based products include baking flour, toothpaste, shampoo, wine and medicinal products. The Bolivian government believes that there is a potentially significant market for coca tea and is

studying other possibilities for industrialization of the coca leaf. While expanding licit coca uses in and of itself will not be a sufficient engine for economic development of coca growing regions, it could contribute to providing alternative sources of income. These programs, however, have also been slow to get off the ground in Bolivia.

The long-term success of the Bolivian government's efforts to contain coca production that ends up in illicit markets will depend in part upon the economic development of coca growing regions and improvements in their residents' quality of life, but also upon cocaine consumption trends in major international markets. If demand for cocaine remains strong or grows, the challenge of containing coca production will be that much more difficult. Indeed, the Bolivian government faces growing cocaine production and transshipment, facilitated by the country's strategic location for shipments to and through the Southern Cone to Africa and Europe. Interdiction rates have hit record levels.<sup>xvi</sup> The importation of improved processing methods has contributed to increased potential cocaine production within Bolivia.

Nonetheless, so far, the Chapare region seems to be on the right path in seeking to limit coca cultivation. For the most part, the *cato* limit is being respected in the main areas of the Chapare where the peasant federations have significant control; however, the policy has proven harder to enforce in outlying areas and in national parks within the Chapare. While it is too soon to assess the longer-term economic impact of the Morales government's policies, investments in the region target both improved social services and economic development to create jobs and improve incomes. The government is providing incentives for rice and corn production as a way to both reduce coca production and improve food security. In addition to loans to plant rice and corn, the Morales administration is redirecting \$60 million previously destined for food imports to support coca farmers diversifying their crops.<sup>78</sup>

xvi From January through the end of November 2009, Bolivian security forces had carried out 10,509 anti-drug operations that led to the interdiction of 25 tons of coca paste and cocaine and 1,937 tons of marijuana.

It is important to reach out to the people — not a difficult task in view of their acute needs. Demands are high. We have always put the emphasis on the overall development of a community and income generation for farmers. One must not come in with a confrontational attitude. It is clear that coca-growing persists because it provides income, and obviously farmers cannot be deprived of income without being given something in addition or to replace it. We must understand the reality in which the farmers live.

— *Cristina Albertin, then-UNODC Representative in Bolivia, May 2008*

Greater challenges, however, confront the Morales administration in the traditional coca growing areas of La Paz Yungas and adjacent zones of spillover production. Compliance with agreements with coca farmers' organizations, significant reductions in coca cultivation, and planned development projects in this region have all proceeded at a snail's pace. To successfully adapt the Chapare model to the La Paz Yungas, the Bolivian government must prioritize development efforts, as they have begun to with the EU social control project there. The expansion of coca production in national parks, where it is illegal, presents additional challenges.

According to the Bolivian Vice Ministry of Social Defense, 6,145 hectares of coca was eradicated through November 2009, the vast majority as a result of cooperative reduction efforts in the Chapare. Only 431 hectares was voluntarily eradicated in the Yungas this year, though the Morales administration is the only government that has been able to achieve any significant crop reductions in that region. Finally, 512 hectares of coca were forcibly eradicated in the Ypacani region in Santa Cruz, where the government has declared that no cultivation will be permitted.<sup>79</sup>

Since 2005, the first full year of implementation of the *cato* policy, both U.S. and UN estimates show about a 20 percent increase in the area under coca cultivation in Bolivia. The U.S. figures indicate an increase from 26,500 hectares in 2005 to 32,000 hectares in 2008, while the UN figures rise from 25,400 hectares (2005) to 30,500 hectares (2008).<sup>80</sup> To put these figures into perspective, according to U.S. estimates, coca growing in Bolivia actually increased at a somewhat faster pace (23 percent) in the previous four-year period, from 2001-2004 while forced eradication was taking

place. Despite the 20 percent increase from 2005-2008, moreover, both sets of estimates show that Bolivia produces considerably less coca than either Peru or Colombia. U.S. figures indicate that from 2005-2008, Bolivia's share of the total area under coca cultivation in the Andean region rose from 13 percent to 17 percent, while UN figures show an increase from 16 percent to 18 percent.

U.S. and UN potential cocaine production figures for Bolivia also indicated increases since 2005. The UN estimate for 2008 of 113 metric tons was similar to U.S. estimates for 2004-2007, which ranged from 115 to 120 metric tons. However, the U.S. estimate of potential cocaine production in Bolivia for 2008 rose sharply to 195 metric tons, based on calculations of increased efficiencies in converting coca leaves to cocaine. This figure represented 28 percent of total Andean cocaine production, according to the U.S. government, while UN figures placed Bolivia at just 13 percent of total Andean production.

### **Ten Lessons Learned for Promoting Alternative Livelihoods**

As illustrated by the cases of Thailand and potentially Bolivia, promoting sound economic development and democratic institution building is necessary to lay the groundwork for targeted drug control interventions to work. By contrast, decades of experience show that rapid reductions in coca and opium poppy cultivation are reversed without real economic alternatives already firmly in place. Ten lessons learned from decades of experience in promoting alternative development and alternative livelihoods could help shape a more effective and humane U.S. policy.

*“There is a moral, political and economic case for having alternative livelihood programs in place before commencing eradication.”*

### **1. PROPER SEQUENCING IS CRUCIAL: DEVELOPMENT MUST COME FIRST.**

Viable, sustainable livelihoods must be in place *prior* to significant crop reductions. Numerous international agencies point to the futility of carrying out crop eradication prior to sufficient economic development. A UNODC Secretariat document recommends that member states “ensure that eradication is not undertaken until small-farmer households have adopted viable and sustainable livelihoods and that interventions are properly sequenced.”<sup>81</sup> Similarly, the UN’s *Alternative Development: A Global Thematic Evaluation*, published in 2005, concludes: “Illicit crops should be eradicated only when viable alternatives exist for households participating in alternative development. Successful alternative development requires proper sequencing.” Finally, a 2005 World Bank report, *Afghanistan: State Building, Sustaining Growth and Reducing Poverty*, affirms: “There is a moral, political and economic case for having alternative livelihood programs in place before commencing eradication.”<sup>82</sup>

With proper sequencing, local farmers are more likely to collaborate with crop reduction efforts. Once an alternative livelihoods approach is underway and alternative sources of income are in place, governments and international donor agencies can work with local communities to encourage the gradual elimination of crops deviated to the illicit market. This approach was successful in virtually eliminating poppy production in Thailand; while Thailand’s experience may be difficult to replicate in other parts of the world, it does provide important insights for Latin American countries seeking to reduce their rural population’s dependence on crops deviated to the illicit market.

### **2. ERADICATION OF COCA AND OPIUM POPPY CROPS IS COUNTER-PRODUCTIVE UNLESS ALTERNATIVE LIVELIHOODS ARE ALREADY FIRMLY IN PLACE.**

Eradication prior to the establishment of alternative livelihoods pushes people deeper into poverty, and fosters human rights violations, social unrest,

instability and violence, undermining already tenuous government legitimacy and nascent institution building. Forced eradication can fuel local insurgencies and hence civil conflict and internal displacement. It also reinforces reliance on growing illicit crops, as farmers without other viable economic alternatives are forced to replant, and spreads the problems associated with the cultivation of such crops to new areas.

Many development organizations have steered clear of alternative development initiatives that go hand-in-hand with forced eradication. This response is both practical, given the likelihood of failure, and moral, given the consequences of forced eradication for local communities for whom no alternatives are available. As the EU has emphasized, forced eradication should only be an option “when ground conditions ensure that small-scale farmers have had access to alternative livelihoods for a sufficient time period.”<sup>83</sup> Adopting cooperative crop reduction strategies carried out in collaboration with local communities could encourage an array of organizations with sound track records in promoting sustainable development to begin working in areas where crops are produced for illicit markets.

### **3. FARMERS SHOULD BE TREATED AS PARTNERS IN DEVELOPMENT, NOT AS CRIMINALS.**

One of the many reasons that forced eradication is counterproductive is that it alienates the very population whose support and involvement is needed for development efforts to be successful. Small farmers typically grow coca or poppy as a last resort; it is a means of obtaining limited cash income for food and other necessities. “Peasants that grow illicit drugs, [sic]” according to an EU policy paper, “do not have a vocation for criminal activity.” They should not be the target of law enforcement efforts; on the contrary, it is the illicit drug manufacturers, traffickers and criminal gangs that should bear the brunt of law enforcement efforts.<sup>84</sup>

Meaningful community participation is a cornerstone of any effective development program. A 2002 international conference on alternative development hosted by the German government

concluded that a “participatory approach” means more than consultation; it requires serious dialogue in which communities are given substantial leeway for negotiation and are involved in every phase of project design, implementation and evaluation.<sup>85</sup>

In Thailand, once alternative sources of income were secured, local communities collaborated with the government and donor agencies to gradually reduce dependence on poppy production. In Bolivia, allowing limited coca production has ensured food security and allows local farmers to explore and invest in other income generating activities. In both cases, collaboration with local communities and organizations is a fundamental pillar of government policy. While such a focus may not always lead to the complete elimination of crops, as in Thailand, it should at least help contain production, as in Bolivia.

#### 4. DEVELOPMENT ASSISTANCE SHOULD *NOT* BE CONTINGENT ON THE PRIOR ELIMINATION OF CROPS DEVIATED TO THE ILLICIT MARKET.

The U.S. government has long advocated that coca crops be eradicated *before* economic and other forms of assistance can be provided to small farmers. At the same time, many of the agricultural alternatives promoted by USAID take time to produce and yield a profit. Often, the farmers that chose to participate in such programs end up returning to coca production — often deeply cynical of alternative development efforts. The Colombian government’s so-called “zero coca” policy, which conditions delivery of any aid on the eradication of all coca in an entire area, greatly restricts the reach and impact of alternative development efforts, because “communities that face the greatest insecurity and largest economic obstacles to abandoning coca are left without assistance.”<sup>86</sup>

Many donor agencies now believe such conditionality is counter-productive and can generate perverse incentives to grow certain crops in order to get assistance. The UNODC Secretariat recommends that donor countries “do not make development assistance conditional on reductions in illicit drug crop cultivation.”<sup>87</sup> The EU has also rejected the conditioning of development assistance, stating: “Explicit conditionality as a means of facilitating eradication can appear as a disguised form of forced eradication. Where it does, it is unlikely to bear fruit.”<sup>88</sup>



PHOTO BY DAVID MANSFIELD

Collecting opium in Dawlat Yar District, Ghor Province, Afghanistan, 2007.

#### 5. ALTERNATIVE LIVELIHOODS GOALS AND STRATEGIES SHOULD BE INTEGRATED INTO LOCAL, REGIONAL AND NATIONAL DEVELOPMENT PLANS.

Such an integrated approach should incorporate all of those involved in rural development, including multilateral and international development agencies, the relevant government ministries, regional and local officials, and community and civil society organizations. Some donor agencies refer to this as “mainstreaming counter narcotics into development programs” or “undertaking development in a drugs environment.”<sup>89</sup> According to a report by four international donors, “mainstreaming” involves:

- ▶ Developing policies and programs that are informed by the potential impacts on illicit drug crop cultivation;
- ▶ Adjusting the focus of development programs and projects so that they recognize and understand the potential impact they might have on illicit drug crop cultivation, and take steps to maximize these positive impacts when conducting such activities;
- ▶ Promoting coordination and encouraging programs to be complementary in their interventions, at national, province and district level;
- ▶ Ensuring programs or projects do not inadvertently encourage illicit drug crop cultivation.<sup>90</sup>

“Good governance implies effective political institutions, the responsible use of political power, and the sustainable management of public resources by state authorities. At the community level, good governance strategies that work towards fighting corruption, strengthening civil society, enhancing local self-government and promoting democracy are of special importance. All of these are necessary to foster state legitimacy, to encourage the set-up of institutions for non-violent conflict processing, and to transfer power from the hands of those involved in the illicit drug economy to the state and local community itself.”

— Cornelius Graubner, writing on behalf of GTZ, 2007

## 6. AGRICULTURAL AND TRADE POLICIES MUST PRIORITIZE SMALL-SCALE RURAL DEVELOPMENT.

Following the Washington Consensus policies, Latin American governments liberalized trade and opened up their economies to foreign investment and goods. Yet decades of pro-urban economic development models and trade liberalization policies have proven to be seriously detrimental to the rural poor. More recently, international institutions such as the World Bank are recognizing the need to support agricultural policies geared toward the small farmer (in contrast to the promotion of large-scale agricultural production for export). Failing to do so runs the risk of pushing more farmers into coca and poppy production and can undermine alternative development efforts.

A 2008 report by WOLA and the Global Development and Environment Institute at Tufts University, *The Promise and Perils of Agricultural Trade Liberalization: Lessons from Latin America*, recommends, among other policies, that governments:<sup>91</sup>

- ▶ Adopt policies that favor smaller farms, advance land reform programs, and promote crop diversification;
- ▶ Encourage the development of domestic processing industries to capture more value from primary production;
- ▶ Redirect research and development away from industrial monoculture farming and toward sustainable production on smaller farms;
- ▶ Retain the right to regulate imports and exports in order to protect vulnerable populations and resources; and
- ▶ Retain their ability to support national industrial development.

## 7. THE BASIC ELEMENTS OF EFFECTIVE GOVERNANCE AND THE RULE OF LAW MUST BE IN PLACE FOR DEVELOPMENT AND DRUG CONTROL EFFORTS TO SUCCEED.

Effective local governance entails provision of basic services, including security and the administration of justice. In some cases, providing access to land and land titling programs can be very important. In all cases, legal security and the rule of law are “vital pre-conditions for building up legal livelihoods and the legal economy in general.”<sup>92</sup> Creating and maintaining effective civilian institutions are also necessary for effective prosecution of drug traffickers. Where alternative livelihoods programs are being carried out, law enforcement operations should be kept institutionally and politically separate from development efforts. Civil society participation in government policy-making can build trust in government and improve the government’s credibility. In many remote regions where coca and poppy are cultivated, military and police forces represent the primary presence of the state; often these forces are perceived by the local population as intent upon controlling rather than protecting them. Where drug control efforts are reducing the legitimacy of the state, the primary objective should be to establish government legitimacy and credibility.

Justice sector and police reform should be at the heart of U.S. international drug control efforts — and far more economic and technical resources need to be dedicated to those tasks. The persistence of corruption in both institutions ensures pervasive impunity, which in turn encourages police and private individuals to take justice into their own hands.

*Drugs and conflict feed off of each other; illegal armed actors (and sometimes government forces) obtain revenues from the illicit drug trade which in turn fuels the conflict.*

Institution-building programs must be well designed, genuinely aimed at reform, appropriate for the local reality — and they must build on political will for reform in recipient countries. In some cases, such as Bolivia, U.S. support for institution building has been perceived as intervening and favoring certain political groups over others. Close coordination with government officials, civil society groups and other actors can help ensure that the reforms implemented have popular backing.

#### **8. REDUCING VIOLENT CONFLICT CREATES THE CONDITIONS FOR PROMOTING SUSTAINABLE DEVELOPMENT AND HENCE EFFECTIVE DRUG CONTROL.**

Drugs and conflict feed off of each other; illegal armed actors (and sometimes government forces) obtain revenues from the illicit drug trade which in turn fuels the conflict. Pervasive violence makes implementing development programs difficult at best and poses security risks to those who participate. This leads many drug policy officials to conclude that disrupting the drug trade — and hence the flow of profits to armed actors — is a necessary first step. However, an increasing body of research underscores the opposite: Reducing violent conflict establishes the conditions needed to pursue sustainable development and drug control efforts. Brookings Institution scholar Vanda Felbab-Brown notes that, “During major counterinsurgencies or civil wars, no counter-narcotics policy has ever succeeded in eliminating cultivation.”<sup>93</sup>

In their 2007 study, *Drugs and Conflict*, GTZ and the German Federal Ministry for Economic Cooperation and Development conclude that increased cooperation is needed between the security and development sectors: development-oriented drug control “has to be strongly embedded into a security sector environment based on the rule of law.”<sup>94</sup> They also call for strengthening and reforming the security sector:

“State security actors, such as the police, border guards, the military ... and other actors need to be legitimized and controlled in order to provide security as a public good that all parts

of the population can take for granted. As drug production and drug trafficking are frequently controlled by heavily armed criminal groups, the security forces have to be sufficiently trained to meet this threat within the rule of law. The state must be able to enforce its law effectively across its territory and through its own security forces. At the same time, security forces must be trained not to criminalize drug farmers (sic) and drug addicts, but rather to acknowledge the fact that they are the primary victims of the illegal drug economy, and should be treated accordingly.”<sup>95</sup>

#### **9. PROGRESS TOWARD DEVELOPMENT GOALS AND CROP REDUCTIONS SHOULD BE MEASURED USING HUMAN DEVELOPMENT AND SOCIO-ECONOMIC INDICATORS.**

The U.S. government has traditionally measured success of counter-drug efforts in terms of the number of hectares of coca eradicated, the amount of cocaine processing labs destroyed, the number of drug traffickers arrested, the amount of cocaine seized, and the like. However, these are indicators of activities carried out; they do not reveal much about the impact of policy on the drug trade. The vast amounts of coca eradicated and cocaine confiscated over several decades of counter-drug efforts have failed to achieve any lasting impact in terms of increasing the price of illicit drugs or decreasing their availability.

A new paradigm is needed for measuring performance. In producer countries, international donors are increasingly pointing to a different set of indicators — indicators that measure the well being of society. Debates within the UN have pointed to “a mix of impact indicators [that] include measuring improvements in education, health, employment, the environment, gender-related issues, institution-building and governmental capacity.”<sup>96</sup> The U.S. government and international agencies should look beyond the coca eradication and cultivation statistics, and assess long-term performance by measuring trends in the well-being of those growing illicit crops and those vulnerable to doing so (using human development indicators such as population living



PHOTO BY SANHO TREE

Despite having uprooted their coca and grown only legal crops, this woman's farm in Putumayo, Colombia, was wrongfully fumigated on four separate occasions from 2000-2004.

below \$2 a day, children underweight for age, etc.), and by assessing to what extent viable alternatives are actually available to these communities.<sup>97</sup>

## 10. DEVELOPMENT AND CROP REDUCTION STRATEGIES MUST RESPECT THE TRADITIONS OF LOCAL CULTURES.

Any crop reduction strategy must clearly recognize the traditional, cultural, medicinal and other attributes of plants such as the coca leaf. Andean peoples have consumed the coca leaf for centuries. Coca chewing is an integral part of traditional and religious ceremonies and it has many beneficial attributes, such as helping to alleviate the symptoms of high altitudes, cold and hunger. It is a mild stimulant and has nutritional value. Most Bolivians drink coca tea; indeed, the U.S. Embassy in La Paz has served coca tea to visitors and Bolivian military personnel often chew coca to increase stamina while uprooting coca plants in the country's Chapare region. Coca chewing is popular in urban

areas of Bolivia and in northern Argentina, and the Bolivian government is exploring a variety of options for industrial production of coca-based products.

Respect for the coca leaf is now enshrined in the Bolivian constitution. This should be taken into account by donor governments and agencies operating in coca producing countries. Yet the International Narcotics Control Board has called for full implementation of the 1961 UN Convention and hence the elimination of all traditional uses of coca — a demand that was fully backed by the U.S. delegation at the 2008 meeting of the UN Commission on Narcotic Drugs.<sup>98</sup> Both the UN and the U.S. government should recognize coca's role in Andean culture and support correcting the erroneous international classification of coca as a narcotic drug.

## Conclusion

Putting development first could help lift some of the world's most marginalized people out of poverty; it is a more humane strategy than forced eradication and offers greater possibilities for success in reducing the quantity of crops deviated to the illicit drug market. However, even if combined with more effective law enforcement efforts targeting government corruption and transnational criminal networks, successful rural development will have a limited impact on illicit drug production unless demand for drugs is contained.

Thailand is a case in point: the virtual elimination of poppy and opium production in that country had no impact on worldwide market trends or consumption patterns. Thailand's experience illustrates the limitations of supply-side strategies without simultaneous attention to reducing demand in world markets. Greater understanding is needed of how drug markets operate at the local, national and global levels in order to avoid situations such as this, where success in curbing one illicit drug leads to even greater problems with another. Such market dynamics need to be taken into account much more in developing drug control policies.

The Obama administration has taken a step in the right direction by acknowledging, as Secretary of State Hillary Rodham Clinton said, that U.S. demand "fuels the drug trade."<sup>99</sup> Her statement reflects a growing consensus among analysts and policy makers that the United States and others must do more to reduce drug demand, including through evidence-based education, prevention and treatment programs.

*Successful rural development will have a limited impact on illicit drug production unless demand for drugs is contained.*

At the same time, the new administration should reallocate its spending priorities for international drug control efforts, putting far more resources into promoting sustainable, equitable and environmentally

sound economic development. Promoting effective alternative livelihoods should be the cornerstone of U.S. international drug control policy.

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