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**PREPARATORY DOCUMENT FOR THE
ALTERNATIVE DEVELOPMENT THEMATIC DEBATE**

PRELIMINARY PAPER FOR THE THEMATIC DEBATE ON
ALTERNATIVE DEVELOPMENT

Introduction

1. In the past three decades, world and regional increases in consumption rates of coca- and poppy-derived drugs, the growing importance of this illicit industry, and the presence of drug trafficker groups in some countries of the Americas have become determinant factors in the continuous social deterioration process experienced by several of our Member States. Populations living in areas where the above-mentioned illicit crops are grown were not immune to the effects of this problem.

2. Illicit crops are usually grown in remote areas with little infrastructure and a low presence of the State. People living in these regions have low literacy levels and scarce access to wealth. Poverty in the region is closely linked to low schooling levels. According to the ECLAC (Economic Commission for Latin America and the Caribbean), the poverty ratio in households where the head of the family has only primary school education (41.3%) is over eightfold that of those household where the head has high school education (5.1%). Likewise, the poverty ratio in rural areas is more than twofold that of urban zones (59.1% vs. 26.1%) Poverty is mainly concentrated in households where the head works in agriculture and in urban non-financial service sectors (33.5% and 29.1%, of the poor population of the region, respectively); and licit produce grown in those regions has no easy market access.¹

3. Experience has shown that lack of presence of state authorities and of adequate rural policies leads farmers to seek their livelihood in illicit crops. The 2005 Report of the International Narcotics Control Board “*Alternative Development and Legitimate Livelihoods*” indicates that terms of trade may be unfavorable for farmers since market prices are determined far from Alternative Development areas. A major factor in the inadequate economic viability of the Alternative Development plans is the high level of uncertainty faced by illicit crop growers given market price instability. This phenomenon is not experienced by farmers opting for legal crop production.

4. One could hypothesize that if illicit crop-producing countries could guarantee the presence of the State and implement agricultural policies in a context of development, illicit crop growth would be drastically reduced and, thus, no specific Alternative Development actions would be required.

5. Should the above be accepted, intermediate actions for the completion of concrete Alternative Development actions require the creation and strengthening of local organizations as bases for development. However, this may not necessarily be an immediate process; it demands major financial investment and structural changes in trade. Furthermore, there could be confrontation throughout the process itself between

¹ www.cepal.org

political and interest groups and the government at a national level and between countries at a regional level.

6. This document analyses the Alternative Development concept understood as a survival strategy for certain strata of the population in areas or circumstances sensitive to the influence of drug trafficking and of the different aspects it involves.

Definition and conceptual evolution of Alternative Development

7. In general terms, Alternative Development is defined as a commitment of the States to reduce and to ultimately eradicate illicit crops that fed the production of drugs.² The principles supporting this definition have evolved with time.

8. Alternative Development has been implemented in marihuana- and poppy-producing Asian countries since the early 1960s. In Peru, Colombia, and Bolivia (Andean coca- and poppy-producing countries) it has been in operation since the 1980s.

9. In these countries, Alternative Development was initially based on the concept that producers be able to substitute licit crops for illicit ones, allowing farmers to access income similar or even higher to those obtained from illicit farming.³ The complexity of the illicit crop problem soon showed that this Alternative Development approach was less efficient than expected. The multiple and difficult circumstances of farmers involved in illegal crop cultivation demanded the design of broader-scoped policies, encompassing infrastructure development, adequate product transportation, market organization, and education and health care. An essential requirement of the new approach is the degree of political will of governments as a factor conditioning the success of plans and programs.

10. Although the so-called Alternative Development has been a valid term for around thirty years as far as the fight against illicit drugs is concerned, notwithstanding the major efforts of the past five years in that regard, such as the meetings of Feldafing, Vienna, and Berlin, it still lacks a conceptual framework agreed to by governments, financial institutions, implementing and evaluating agencies, and other entities involved in Alternative Development programs. In summary, there is no agreement, to the present, as to what Alternative Development must be, and different meanings and names are given to it. This paper presents the different components considered to be part of the Alternative Development actions, and the different interpretations now used at the time of defining a unique and at the same time all- encompassing concept.

11. Despite the above-mentioned failing, there is a definition of Alternative Development adopted in the Action Plan on International Cooperation on the Eradication of Illicit Drug Crops and Alternative Development,⁴ taken as a guide to come to certain conclusions:

² Report of the International Narcotics Control Board for 2005 New York: United Nations/INCB, 2006, p. 1.

³ Ibid. 2006, p. 2.

⁴ United Nations General Assembly, Resolution III E, 1988

“...[A] process to prevent and eliminate the illicit cultivation of plants containing narcotic drugs and psychotropic substances through specifically designed rural development measures in the context of sustained national economic growth and sustainable development efforts in countries taking action against drugs, recognizing the particular socio-cultural characteristics of the target communities and groups, within the framework of a comprehensive and permanent solution to the problem of illicit drugs”.

12. The above definition makes it impossible to conceive the implementation of Alternative Development-oriented actions not involving the struggle against illicit drug crops: those actions are the response to drug trafficking. Thus, an adequate management model must envisage other activities to counter illicit drug production, such as the interdiction, eradication, and, necessarily, also in keeping with the cited definition, the search for economic solutions to ease the effects of those actions.

13. Alternative Development is based on the conceptual framework of the integral, sustainable rural development, among other, adapting them to the territories and social communities involved in illicit drug production. In its recent resolution 48/9, the United Nations Commission on Narcotic Drugs indicated that the international community should see Alternative Development not only as a means to reduce illicit supply but as a means to reinforce sustainable development in communities and territories affected by illicit crops growth, and as part of the strategy against poverty adopted by States to honor the commitments agreed to in the Millennium Declaration (Assembly resolution 55/2.)

14. Notwithstanding the above, and despite the absence of a single concept of Alternative Development, the fact that several field trials in different contexts and conditions have led to a gradual acquisition of knowledge for the development of more general concepts of wider acceptance, is encouraging.

15. Experience has shown that effective and efficient Alternative Development must not only encompass financial aspects but also social, political, and environmental issues in a harmonic approach. Development must be integral and sustainable, and must include *human development* as one of its core components, “One of the central human development challenges in the decades ahead is to diminish the tolerance for extreme inequalities that have characterized globalization since the early 1990s and to ensure that the rising tide of prosperity extends opportunities for the many, and not just the privileged few.”⁵

16. As part of the evolution of this topic, regarding actions pertaining to Alternative Development, efforts are now aimed at substituting legal economy for the economy that has generated the illicit crops and their by-products. *“Repressive policies and the threat of imposed penalties and/or forced eradication combined with the perspective of legitimate livelihood alternatives and a broad and sustainable financial*

assistance” constitute for the INCB the legitimate means to provide a solution to the illicit cultivation of psychotropic plant crops. This expands the boundaries of mere “illicit crops substitution,” transcending the terms of exclusively agricultural issues in rural areas to acknowledge the fact that these wide extensions of land have the potential to being used for more diversified, rational, and sustainable purposes within an integral rural development framework.

17. A highly controversial issue in Alternative Development is the legal framework that varies considerably from one government policy to another, i.e., the legal treatment of illicit crop growers, whether they should or not be considered criminals, or illicit crops eradication⁶, including interdiction of laboratories, persecution and punishment of drug traffickers, and control of precursor substances. There is debate on the enforcement of laws on eradication of illicit crops that may vary according to the eradication means used. This diversity in legal provisions is another cause for the absence of a single concept of Alternative Development.⁷

Environmental Aspects of Alternative Development

18. The Alternative Development context must encompass the environmental dimension of the affected areas since coca and poppies are usually grown in fragile and strategic environmental zones.⁸ There is also a strong geographical correspondence between the intervention zones of Alternative Development projects and natural national parks or special management areas.

19. Illicit crops, grown in fragile and environmentally important areas, such as forests, plains, and tropical rain forests, damage ecosystems. Deforestation has dramatically increased the extinction rates of numerous plant and animal species, many of them endemic.⁹

⁶ If forced or voluntary, and if forced, by manual means or by chemical or biological spraying; if eradication comes before, after or simultaneously with other Alternative Development actions.

⁸ In Colombia, **Act 599 of 2000** approving the New Criminal Code, Title XIII, Chapter II lists drug trafficking-related crimes thus: ... **”Article 375. Holding or financing of crops.** He who, without license of a competent authority, grows, holds, or finances marihuana crops, or grows any other addictive drug-plants for producing cocaine, morphine, heroine or any other habit-forming substance, or more than one kilogram of seeds of any such plant, will incur in six (6)- to twelve (12)-years imprisonment and a two hundred (200) to fifteen hundred (1500) current minimum legal monthly wages fine. Should the number of plants referred to in this Article exceed twenty (20), not surpassing one hundred (100), the sentence will be four (4) to six (6) years imprisonment and a ten (10) to fifty (50) current minimum legal monthly wages fine....”

In Peru, Decree-Act 22095, Act of Illicit Drug Trafficking Repression issued 02-03-78, provides that only the State, through the Empresa Nacional de la Coca (ENACO) (National Coca Corporation) is to market the coca leaf both in domestic and international market.

In Bolivia, the strategy to counter drug traffic and revalue the coca leaf 2007-10, “intends to control and stabilize the cultivated area, of around 20,000 hectares, in the next four years, based on international cooperation commitments for this purpose. The goal is to reduce to 1.8 percent of the total cocaine production potential by the year 2010, which would mean approximately an 85 percent reduction, i.e., from 90 MT to 13 MT”. This range means “stabilizing production by approximately a 20,000 hectare reduction up to the year 2010, to about 8,000 hectares above the provision of the present law.”

⁸ Poppies are grown in extremely fragile areas

⁹ Study of the Impact on Human Health and the Environment of the Program for the Eradication of Illicit Crops by Aerial Spraying of Glyphosate (PECIG) and of Illicit Crops, on Human Health and the Environment,” prepared for CICAD-OAS, March 31, 2005

20. Another environmental concern about illicit crops deals with traditional farming practices and the methods used to process coca base paste, involving agro-chemicals and precursors that pollute soil and water. Likewise, haphazard population movements, spurred by high profit expectations, have a negative impact on environmentally fragile zones.

Strategic approach to Alternative Development

21. With the evolution of this concept, Alternative Development was definitely enlisted in national development plans.

22. Although economic growth is a basic tool for development, it must necessarily be accompanied by structural changes to bring about transformations encompassing social, economic, political and cultural changes in the general population.

23. As indicated by the experience in diverse countries, a long-term reduction of the world supply of coca depends not only on efficient law enforcement but also on the reduction of poverty and alienation that make farmers vulnerable to the temptation of growing lucrative illicit crops.¹⁰ Most countries of the Americas need more help for growth to create clearer perspectives in communities located at the start, or at some other point, of the illicit drug production and supply chain.

24. Alternative Development must be linked to the rural development process; therefore, there must be direct public and private investment and economic processes mainly oriented to the poorest sectors of rural economy.

25. The generation of employment and income in rural areas must go beyond the mere agricultural setting to encompass eco-tourism, handicrafts, and other activities with a technological and industrial approach that broaden Alternative Development actions.

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

27. Alternative Development policies must also be preventative and not implemented only as a reaction or exceptional measure to attain short-term eradication goals. They must be farmer-oriented, not aimed only at drug trafficking interdiction.

¹⁰ In this regard, the 2007-10 Strategy to Counter Drug Trafficking and Revaluation of the Coca Leaf in Bolivia, in its "Alternative Development" chapter, acknowledges that "Alternative Development helped increase banana, pepper, and palm heart exports to 24 million dollars in 2005. In both Chapare and Yungas, coffee and tea plantations were expanded, supplementing the productive chain with the installation of several tea and coffee processing plants. The road network (highways and bridges) had technical improvements that, in turn, benefited human development... In addition to economic development, social and institutional development programs made it possible to build hospitals and health centers to expand medical care services and also build universities..."

28. A key condition for the success of Alternative Development is the economic viability of crop substitution solutions, which depends on three factors: the level of competitiveness of local, national, and international markets, the availability of public and private resources, and the socio-economic conditions of the areas where intervention will take place.

29. Alternative Development must involve local actors, from municipalities to grower organizations and other grassroots entities so that farmers become involved in Alternative Development actions. If only NGOs and international experts are involved, there will be no sustainable results.

30. Local municipal and regional levels are the most appropriate ones for finding higher levels of involvement from:

- Local organizations and individuals in decision-making and implementation for Alternative Development that are aimed at improved livelihoods and better working conditions (certain decisions and actions are closely related to an exclusive role of the national states.)
- Decentralization as a new relation modality between entities different from the state actor, and between the state actor and organized civil society
- Development processes based on the identification of territorial potential.

31. Program sustainability can be assured through the development of social processes in which communities can participate and exercise a degree of leadership with decision-making power during project implementation. This requires continued follow-through, with social capital reinforcement, which requires more time than just a fiscal year or a transient project implementation term. Thus, socio-entrepreneurial follow-through must be provided according to the specific needs for strengthening each social organization.

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

Commercialization of Alternative Development Products

33. The commercialization of products that requires access to developed country markets is one of the core components of Alternative Development programs. This requires large production volumes of good, competitive quality products in good sanitary condition.

34. The Doha Round is the most ambitious attempt to obtain a multilateral trade opening for Alternative Development products, both due to its reach to the basic

nucleus of agriculture and to the number of countries participating in the negotiations. However, a consolidated commitment of maximum trade liberalization for tropical agricultural products and products of major importance for diversification of production (development of alternative products) is required.

35. There are difficulties in the Doha Round because the food production sector is highly sensitive in both rich and poor countries. Contrary to the Uruguay Round list, the Doha Round list expressly includes alternative products, and not non-agricultural products. However, there are discrepancies regarding the final list of tropical and alternative products.

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

37. Against the notion that the role of farmers is only a supplier of raw materials, there is, paradoxically, the notion of drug traffickers, aware of the potential farmers have to offer, encouraged or forced coca growers to become involved in transforming it and fostering the coca base market. Consequently, coca farmers, with training, should also be able to participate in transforming legal products, and not be limited to supplying raw material.

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

39. Producer organizations need a specific market, not just any market: they must establish a dialogue with the buyer to determine what, how and in what conditions the producers need to deliver. Consequently, technical assistance should be customized to the quantitative and qualitative conditions required by the buyer to secure a specific market. Occupying market niches is a valid and promising strategy for the countries of the region; it should not, however, be considered the main strategy, but an additional one, taking advantage of the access to more predictable markets that pay premium prices. There is, for instance, discussion of an Alternative Crop Development for bio-fuel production; nevertheless, this type of alternative requires an interdisciplinary research study that provides a holistic vision of its comparative advantages.

Conclusions

40. One of the characteristics of Alternative Development policies that, in countries like Thailand, have proven effective is that they belong to the State and not to the government. This means they meet the conditions of being integral, multi-sectoral, coordinated and sustainable. Alternative Development initiatives in Thailand went beyond the substitution of other products for poppies. Thailand policies included and resulted in things like transportation, public health, education, housing and the environment, which served to guarantee the programs' success. The close coordination between disciplines and (international, state, and civil) institutions participating in one way or another in Thailand's Alternative Development policy has been another decisive factor: The programs implemented in Asian countries have been well-financed and characterized by their medium- and long-term planning.

41. The participation of society is essential. The emphasis on communication, negotiation and consensus building with communities has been crucial in the joint effort to implement Alternative Development plans. Transportation and micro-credit incentives are required for communities to be able to participate in these plans and programs. It is also important to arrange issuance of landholding titles, property rights, and the mobilization of the private sector. These are usually essential conditions for farmers to become involved in the implementation of diverse projects and initiatives; farmers took part in the Thai experience and were, to a large extent, responsible for the success of Alternative Development programs in their country. Discussions between communities and the governments have also generated significant confidence among all those involved.

42. Alternative Development understood only as a means to control illicit drugs production is not always aimed at reducing poverty. The agenda for development must consider the drug problem as part of its concerns and include it in its poverty-reducing strategies. There must be a clear understanding that development solutions are often more adequate and ultimately more successful than purely repressive actions. Thus, dialogue among institutions responsible for development and drug trafficking control must consolidate these two issues.

43. The challenge facing Alternative Development is extremely complex. The condition of its migrant populations has traditionally been one of exclusion, given that most of them usually come from the poorest regions of their corresponding countries. Their social safety net is fragile and they tend to distrust both their own capabilities and those of the State.

44. The outcome of a non-sustainable approach to development is chaos and ruin. Therefore, a national policy of preservation and adequate use of resources is required always to leave a place where the natural environment is maintained. This requires Alternative Development to be framed in the protection and sustainable use of

biodiversity. Due to the major disturbances caused by coca crops to the delicate ecologic balance of the region, Alternative Development projects must award major importance to training farmers in the use of agro-ecological and environmental recovery and protection techniques.

45. Unless there is an integral long-term perspective and understanding of the complexities of the challenges faced by farmers and of the major role played by producer organizations in the context of development it will be hard to fight against illicit crop growth, even with a continued supply of alternative products.

The Role of the CICAD

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

“Taking into account the efforts made in the Hemisphere in the struggle against drug trafficking, we reiterate our support to ensure that alternative development projects contribute to economic growth, promote the creation of decent work, and support the sustainable economic viability of communities and families in those countries affected by the presence of illicit crops.”

47. For the past fifteen years, the Executive Secretariat of the CICAD has taken active part in the design and implementation of some Alternative Development projects. At the beginning of this decade, the Alternative Development Unit was created as a priority line of action, with the help of several donors to this type of project.

48. The above mentioned reality changed as of 2004 when, due to foreign and domestic factors, there was a reduction in both the amount of funds applicable to the projects and the capability of the Secretariat to involve itself in specific actions beyond its field of action.

49. To comply with the mandate of the Summit of the Americas, the Secretariat evaluated its capabilities to participate in Alternative Development projects and concluded that its realistic field of action relates to the identification of concrete activities giving value added to the initiatives conducted by other agencies or countries

50. The Executive Secretariat of the CICAD, to the extent of its possibilities, based on long-term experience and on the respect earned from its Member States, is still positioned as a center of excellence to conduct projects of impact in Alternative Development. It can and must gather and process data on experiences that allow the identification of methodologies, activities and means (“how to”) through which the goals of the different projects were reached, and of lessons learned that could be successfully replicated in other projects.

51. In this regard, CICAD, together with other organizations, is preparing a New Alternative Development Tool (www.adkn.org) for sharing knowledge and experiences on rural development issues, especially in remote mountain region areas where illicit crops are grown.

52. Likewise, CICAD's Alternative Development section is developing an "Alternative Products of the Americas" seal of approval to support Andean producers – and producer associations – with a seal of quality that, like the "organic product" and "fair trade" seals, will elicit in the consumer the intention to buy, moved by a reason other than his/her consumer need: the seal appeals to the sensitivity of the buyer aware that his/her choice will benefit those who run counter to illicit crops, helping, in one way or another, to limit illegal drugs production.

53. The objective is to increase efforts aimed at eradicating/reducing illicit crops in the Americas. The seal is intended to support beneficiaries in improving production to increase market share and insure greater benefits at medium and long term.

54. The purpose of demanding the use of the seal by beneficiary producers is to promote the production of alternative products meeting the quality standards, competitiveness, and productivity requirements of domestic and international markets.

55. By showing the seal, the producer will basically receive three benefits: 1.) a premium price for products, 2.) products rated as alternative to illicit drugs prompt consumers to buy them, and 3.) the endorsement of a world-known organization, thus generating greater confidence in the consumer and higher profits for the producer.

56. Upon establishing and supporting this initiative, the Executive Secretariat of CICAD would – at least in the beginning – take responsibility for the marketing, quality control (seal) and management of the products.