

STUDY ON INSTITUTIONAL CAPACITIES FOR THE IMPLEMENTATION OF ALTERNATIVE DEVELOPMENT

Case study Peru, Paraguay
and Guatemala



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LIST OF ACRONYMS

AD	Alternative Development
AGEXPORT	Asociación de Exportadores de Guatemala
ANACAFE	Asociación Nacional del Café National Coffee Association (Guatemala)
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung Federal Ministry for Economic Cooperation and Development (Germany)
CACIF	Comité Coordinador de Asociaciones Agrícolas, Comerciales, Industriales y Financieras Coordinating Committee of Agricultural, Commercial, Industrial and Financial Associations (Guatemala)
CCATID	Comisión Contra las Adicciones y el Tráfico Ilícito de Drogas Commission Against Addictions and Illicit Drug Trafficking (Guatemala)
CELAC	Comunidad de Estados Latinoamericanos y Caribeños Community of Latin American and Caribbean States
CICAD	Comisión Interamericana para el Control del Abuso de Drogas, Secretaría de Seguridad Multidimensional Inter-American Drug Abuse Control Commission, Secretariat for Multidimensional Security
CONADUR	Consejo Nacional de Desarrollo Urbano y Rural National Council for Urban and Rural Development (Guatemala)
COPOLAD	Cooperation Programme between Latin America, the Caribbean and the European Union on Drugs Policies
DAIS	Desarrollo Alternativo Integral y Sostenible Sustainable Holistic Alternative Development
DEVIDA	Comisión Nacional para el Desarrollo y Vida Sin Drogas National Commission for Development and Life Without Drugs (Peru)
DRI	Desarrollo Rural Integrado Integrated Rural Development (Paraguay)
EU	European Union
FUNDESA	Fundación para el Desarrollo de Guatemala Foundation for the Development of Guatemala

GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH (Germany)
IFAD	International Fund for Agricultural Development
MAG	Ministerio de Agricultura y Ganadería Ministry of Agriculture and Livestock (Paraguay)
MAGA	Ministerio de Agricultura, Ganadería y Alimentación (Guatemala) Ministry of Agriculture, Livestock and Food (Guatemala)
NGO	Non-Governmental Organization
OAS	Organization of American States
PAFFEC	Programa de Agricultura Familiar para el Fortalecimiento de la Economía Cam- pesina Family Farming Program to Strengthen the Rural Economy (Guatemala)
PIRDAIS	Programa de Impacto Rápido de Desarrollo Alternativo Integral y Sostenible Rapid Impact Programme for Holistic and Sustainable Alternative Development (Peru)
PPI	Proyecto Paraguay Inclusivo Inclusion of Family Farming in Value Chains Project (Paraguay)
PRODERS	Proyecto de Desarrollo Rural Sostenible Sustainable Agriculture and Rural Development Project (Paraguay)
PROMAFI	Proyecto Mejoramiento de Ingresos de la Agricultura Familiar Campesina e In- dígena en Departamentos de la Región Oriental del Paraguay Project for Improved Family and Indigenous Production in the Departments of Eastern Paraguay
SECCATID	Secretaría Ejecutiva de la Comisión Contra las Adicciones y el Tráfico Ilícito de Drogas Executive Secretariat of the Commission against Addictions and Illicit Drug Traf- ficking (Guatemala)
SENAD	Secretaría Nacional Antidrogas National Anti-Drug Secretariat (Paraguay)
STP	Secretaria Técnica de Planificación del Desarrollo Económico y Social Technical Secretariat of Economic and Social Development Planning (Paraguay)
UNODC	United Nations Office on Drugs and Crime



1. INTRODUCTION

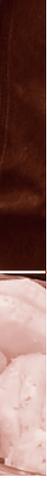
The **Cooperation Programme between Latin America, the Caribbean and the European Union on Drugs Policies (COPOLAD II)** is a bi-regional cooperation programme funded by the **European Commission through EuropeAid**. It has a budget of 10 million euros and is implemented between 2016 and 2019. COPOLAD II offers a platform for countries in Latin America, the Caribbean and the EU (CELAC-EU) to exchange good practices and lessons learned. In addition, it promotes the drive towards fair and evidence-based drug policies supported by evaluation instruments and based on strategies that have been proven to be effective.

Its objectives are aimed at reducing the demand and supply of drugs in order to fight the risks and social harm generated by their use.

Through the Alternative Development (AD) sub-component, COPOLAD promotes the intra-regional exchange of good practices, horizontal learning and capacity building by holding discussion forums and technical workshops on Alternative Development. In addition, its activities promote the strengthening of Alternative Development policies through relevant instruments and the further development of its scientific basis.

The **Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH**, commissioned by the Federal Ministry for Economic Cooperation and Development (**Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung, BMZ**), is a collaborating partner of COPOLAD, leading activities within the Alternative Development subcomponent (Component 3: Drug Supply Reduction). Since the first phase of COPOLAD began in 2011, GIZ has collaborated with COPOLAD's activities in the area of Alternative Development, offering experience and relevant instruments for the implementation of initiatives in this field across the CELAC countries.

International recognition of the concept of Alternative Development has grown exponentially over the last few years. This has also been reflected in COPOLAD, since the number of countries participating in its activities has increased significantly over time. In fact, while activities in the first phase of COPOLAD started with the participation of just Bolivia, Colombia, Ecuador and Peru, with Guatemala and Mexico joining towards the end, in COPOLAD II other countries have shown interest in AD, with 17 nations currently participating: The Bahamas, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Jamaica, Honduras, Mexico, Paraguay, Peru, Suriname, Trinidad & Tobago and Uruguay.



Many of the new actors in this public policy area are now facing the need to implement these concepts in practice, while considering their specific national contexts. This implies taking into account the particular situation and circumstances of each country and its regions. To this end, COPOLAD emphasises the exchange of experiences, particularly at the level of triangular and South–South cooperation, supporting the dissemination of good practices. The activities are also intended to foster capacity development, based on the needs identified during the first phase of the programme, in addition to exchanges between countries that already have a long history of implementing Alternative Development (such as the Andean countries) and countries that have recently started their paths in this area. In this way, countries can benefit from the synergies offered by the diversity of national contexts and specific characteristics among the participating countries.

Within this framework, COPOLAD's Alternative Development subcomponent has produced this study on institutional capacities for implementing the Alternative Development approach, with the particular aim of strengthening capacities related to the planning and implementation of effective Alternative Development measures in countries that are new to this area. This study was conducted with the participation of Peru, Paraguay and Guatemala, with the aim of facilitating a general review of existing institutional capacities in the field of Alternative Development at the national level. It introduces an overview of the current institutional capacities of the landscape of organised actors that are currently implementing Alternative Development approaches in their countries. The purpose of the study is to identify key organisational and institutional lessons learned, drawing on the experience of Peru as a leading country with extensive experience in implementing Alternative Development. These

lessons can provide guidance to Guatemala and Paraguay in strengthening their capacities to adopt this approach, still relatively novel in those countries.



2. OVERVIEW

The production, distribution and consumption of drugs have a significant impact on the health, social development, economy, security and governance of societies and citizens throughout the world. The challenges posed by this phenomenon can only be addressed through effective and collaborative international efforts to counteract the numerous problems related to drugs. These problems have an adverse impact on the daily lives of citizens and the societies in which they are present, especially with regard to the most vulnerable social groups.

The Cooperation Programme between Latin America, the Caribbean and the European Union on Drugs Policies is a bi-regional cooperation programme aimed at supporting the implementation of effective public policies to reduce the risks associated with drug use and supply within the Community of Latin American and Caribbean States (CELAC). To achieve this objective, COPOLAD shares and fully advocates the European Union's position of supporting public policies on drugs based on a global and balanced approach linked to human development objectives such as full respect for human rights, including gender sensitivity and women's empowerment, a public health-oriented approach, good governance and the rule of law.

Its objectives are: to increase the institutional strengthening necessary for the planning and evaluation of effective policies in the CELAC countries; to strengthen the capacities and instruments required by the authorities responsible for dealing with both drug demand and supply in the CELAC countries; and to reinforce and support existing bi-regional efforts and opportunities to promote EU-CELAC dialogue on the nature of drug-related problems and the best ways to address them.

Alternative Development addresses the root causes of the social problems that push families to get involved in the drug economy.

Alternative Development is one of the approaches through which it is possible to pursue the reduction of drug supply in these countries. This

approach seeks to reduce crop cultivation for the purposes of illicit drug production by replacing these crops with others that are legal and beneficial to the community. AD addresses the root causes of the social problems that push families to get involved in the drug economy. If attention is directed towards offering support and finding solutions to issues such as weak rural development, fragile state institutions, poverty, violence and regional conflict, sustainable improvements can be achieved and families can be protected from the need to turn to harmful businesses



within and outside their community.

The way in which the concept of Alternative Development is interpreted and applied in the context of each country directly affects the types of institutional and organisational capacities that are required. That is why, as a collaborating partner in the implementation of Alternative Development projects, the European Commission's regional programme CO-POLAD II, together with the GIZ's sectoral rural development programme, seeks to strengthen institutional capacities in the target countries, offering tools to help them find the skills that today's development challenges require.



3. BACKGROUND

Within the framework of the Cooperation Programme between Latin America, the Caribbean and the European Union on Drugs Policies – COPOLAD II – a study on institutional capacities for the implementation of Alternative Development (AD) was carried out in Peru, Paraguay and Guatemala, in the context of crop cultivation for the illicit production of coca, cannabis and opium poppy, respectively.

The study is based on a reading of the spectrum of institutional capacities that are beneficial or necessary for AD, concentrating initially on those institutions with authority to:

- Ensure institutional presence and stability, basic services and the security and stability of the population, and create the conditions for a different kind of territorial/regional/national development.
- Promote and encourage livelihood options that are more attractive and viable than those offered by illegal trade.
- Support the creation or reinstatement of a healthier social fabric and a culture of responsible citizenship.
- Bring together institutions from different sectors: public, private, non-governmental, academic, religious, etc.

Each organisation, depending on its particular mandate, purpose and logic, needs to align its interests towards AD in a certain way; this is the “kit” that will ensure the organisational landscape is organised in pursuit of a network-managed AD. It does not matter if this “kit” is called a Vision, Mission, Strategic Approach, Common Agenda, Shared Purpose or anything else; the important thing is that it expresses the organisation’s commitment to AD.

The “network” is different from a cooperation system because it is formalised to a certain degree through the mandates and purposes of each institution involved in AD, and because it has at least one lead organisation, which takes charge of AD as one of its main mandates. Few countries are likely to be in a position to act from a horizontal collaborative network, which is why a lead entity, empowered by regulation and with specially designated institutional competencies to implement AD, is usually needed.

It is not necessary for these regulations to contain the exact term “Alternative Development”; as long as the same concept is provided for by other terms, it is possible to work with them. However, a clear direction and a common understanding of the meaning of AD is essential. The agreed form of AD must be open to continuous replication and be capable of strengthening institutional ties and allowing institutions to achieve

the goals entrusted to them. In short, there is a need for common clarity with respect to what AD is, how it will be applied in a given country and its implications and consequences.

By its very nature, the AD approach does not start from scratch, but builds on the experiences (those that are successful or can be improved upon) of past and current sectors and actors; it collects, integrates, complements or adds value, to achieve greater coverage, impact and acceptance. Thus, AD gathers together initiatives, processes, programmes, projects and past or ongoing activities. Each country's history of progress is key, even if these advances have been pursued under a different name. As long as the focus is on creating change in areas that are cultivating crops for illicit drug production, these past efforts are significant and can be built upon.

Given that today AD is understood as a development tool with a holistic focus, organisations need both specific regulatory and political support that opens up opportunities for cross-sectoral engagement and the power to acquire considerable government funding.

From an organisational point of view, the institutional capacities for AD derive largely from the organisation's "soft functions", that is, those related to coordination, cooperation, change management, knowledge management, conflict resolution, procedural transparency, etc. Besides the organisation's own mandate and/or purpose (vision/mission), with its intrinsic activities and functions, "soft" functions complement and reinforce its "organisational character", even if they are directed towards a specific objective, i.e. AD.

When additional skills or competencies are not complementary to the institutional competences

granted by law (in the public sector) or derived from the organisation's purpose (in the private sector), frictions may occur with regard to the ethos of the organisation, which often undermines the organisation's capacities to implement AD. Therefore, there must be a high degree of coherence and synergy with the institution's other organisational competencies, so that the processes involved in implementing AD can be given the necessary importance or priority.

In practice, institutions with the capacities to successfully implement AD become "learning organisations" (Senge, 2004) and are able to foster "coopetition" with other organisations. This means at least two institutional actors with a common purpose aligning their capacities and interacting and communicating in a fast, practical and productive way, to co-create benefits that they could not generate alone (i.e. synergy). The term "coopetition" is derived by merging the concepts of "cooperation" and "competition".

SOFT CAPABILITIES FOR AD PROCESSES

The “soft” capabilities for Alternative Development processes are listed below.

1. Organisational intelligence and learning management:

“Organisational intelligence”, as an institutional capacity, signifies the ability to “read” the other party in order to understand and outline processes for interaction and mutual growth. This includes the capacity of institutions to respond collectively to factors influencing the behaviour of other actors. In this respect, AD requires those institutions pursuing it to show a high level of empathy, both with the needs of populations embarking on a process of change, and with other institutional actors who have their own interests and needs. Only in this way, they can cooperate with them, develop short-, medium- and long-term strategies and help shape processes of human and social transformation. It requires both great flexibility at the micro level as well as focus and persistence at the macro level. Mistakes should be used to generate effective learning that leads to improved strategies.

2. Coordinated cross-sectoral understanding and action:

This differs significantly from what is commonly understood as coordination and/or collaboration. It refers to the ability to work together to build strategies and actions and to monitor, analyse, learn and coordinate with one another at the “coopetition” level: an inter-institutional and multi-stakeholder synergy created through shared language, greater speed, improved product quality, creativity within value chains and innovations in market creation. The institutional systems or “landscapes” include national, regional and local levels and become a network for productive and

effective interaction among all participants.

3. Capacity for internal and external alignment:

Internal alignment is a necessary condition with a strong sense of commitment, where expression and emotion are strongly harmonised. The members of an organisation see the institutional rewards of contributing to AD and work with standardised, shared organisational language codes. The external alignment has one organising axis: AD “gives meaning” to the institutions involved. The institutional capacity to achieve this internal and external alignment is highly robust and its communications can be managed in a clear and simple way, to establish the vision and institutional prestige of “exemplary” organisations dedicated to a higher purpose, with transparency and great professionalism.

4. Capacity to attract and manage resources:

AD is concerned with processes of territorial development and change, and has to anticipate the need to provide intensive support to families, communities and wider populations undergoing transformation. As such, it requires intensive investment and financing. Actors in a multi-sectoral institutional landscape need to capture and manage different logics, dynamics and volumes of financial, material, human and cultural resources. This will require joined-up organisational logics and coordinated access to funding from the state, private sector, development agencies and other sources. An institutional capacity linked to monitored management and accountability (clearly and transparently justifying the impact of changes and quantifying them in relation to investment) indicates a high capacity for managing transformation. Particularly in areas with serious security issues, this ability to demonstrate return on investment (or impact at the micro, meso

and macro levels) makes all the difference. Often, the emphasis is on attracting resources, especially financial resources, from the state budget and international aid; but if the scope of financial, material, human, infrastructural and other resources is redefined, horizons expand and institutional capacity for securing and managing resource grows.

5. Information monitoring and management:

One success factor in AD is the collection of evidence and the strategic management of up-to-date and analysed information, mainly in relation to the root causes driving the illicit economy, including the environmental, social and economic damage. Of equal importance is an adequate baseline, allowing us to increase the economic, social, environmental and human benefits of AD, and the impact achieved, at micro, meso and macro levels. There are important interactions between variables such as macro trends, micro dynamics, and investment volume versus income from new markets, resilience and the stability of the affected population's livelihoods, among others. For this reason, it is necessary to have a certain analytical and strategic-systemic capacity supported not only by the adequate infrastructure and technology, but also by modern conceptual models that combine economic, social, environmental and political information. Although the lead entity for AD may not have sufficient infrastructure to cover the wide range of activities required (observation, collection, systematisation, analysis and systemic-strategic assessment of information), it should coordinate with other institutions to this end. The more widely the information and evidence collected is distributed and shared, the more reliable the institutions will be.

6. Fast and effective self-management

across a wide range of areas: AD incorporates a diverse range of knowledge on economic, legal, banking, environmental, cultural, educational and infrastructural issues, as well as knowledge on social transformation, development models, processes of spatial change, and more. Therefore, institutions embarking on these processes are "generalists"; they must broaden their range of thematic and methodological knowledge, raise their level of awareness and become more versatile, creative, effective and fast-acting in their short-and medium-term strategies.

7. Strategic understanding and action in context:

The ability to read the context and its various actors, regional as well as inter-institutional and cross-sectoral, is key. The game of chess with its movable pieces is a useful metaphor to describe the capacity that institutions, particularly those leading AD projects, must have to understand and move the key pieces in the institutional landscape and in the local context for change.

8. Political and social advocacy capacity:

i.e. the ability to move those key pieces. This refers to the power of persuasion, negotiation and mediation at the political and social level of AD, to draw in and "win" allies. AD cannot succeed solely by virtue of its mandate, and even if the state declares AD to be a political priority, it will fail if it cannot "convince with results." From small-scale but successful beginnings, it grows slowly, gaining strength and becoming a kind of political and social movement that gradually overcomes the illegal dynamics in play and allows for the creation of new social fabrics offering sustainable responses. The corresponding institutional capacity comprises process perception, persuasive communi-

3. BACKGROUND

cation, knowledge of sociological dynamics and robust institutions with sound rationales.

These eight "soft" institutional capacities for AD are generic and should be consistent with the institution's own remit. They are distributed in different degrees and intensities, depending on the nature and thematic and sectoral emphasis of each organisation.

OVERALL OBJECTIVE

The overall objective of this study is to identify success factors and lessons learned from the implementation of AD at the institutional level, taking into account the experiences of the three countries studied. On the one hand, work in Peru focuses on crop cultivation for the illicit production of coca and the country has extensive experience in the implementation of AD. On the other, Paraguay tends to focus mainly on marijuana cultivation and Guatemala on opium poppy and marijuana, but with a greater emphasis on poppy. Both are very new to AD.

The specific objectives of the study are as follows:

- To describe and analyse the institutional configuration for implementing AD.
- To analyse the current capacity of existing structures and to determine the need for and the objectives of development measures, paying special attention to those countries that have just started with AD.
- To describe challenges, success factors and good practices in each of the countries, highlighting those that are significant and of common interest.

INFORMATION GATHERING

A number of national and local institutions participated in the study, including federations of associations and cooperatives, funds, producers' associations, national NGOs, international organisations and various governmental, religious and academic bodies.

The first stage in the study involved gathering information through semi-structured qualitative interviews, conducted with the relevant actors in the three countries. Using innovative methods, the raw data was analysed along five dimensions, based on a model of a systemic approach to managing collaborative projects:

- 1. Organisational area and institutional competencies in the sector:** sectoral and institutional competencies conferred or assumed, internal structure, organisation, internal processes and procedures, standardisation, etc.
- 2. Advocacy policies and their management:** ability to influence and create macro-level strategies, policies and regulations for AD and the country, capacity for engaging in political advocacy and obtaining resources, ability to turn AD into a national priority.
- 3. Social aspects and coordination:** elements of the interpretation and use of concepts relating to coordination and type of interaction with other organisations.
- 4. Finances and acquisition management:** the organisation's current internal financial management practices and strategic skills for acquiring new funds that can be invested in AD.

5. Environment and contextual dynamics:

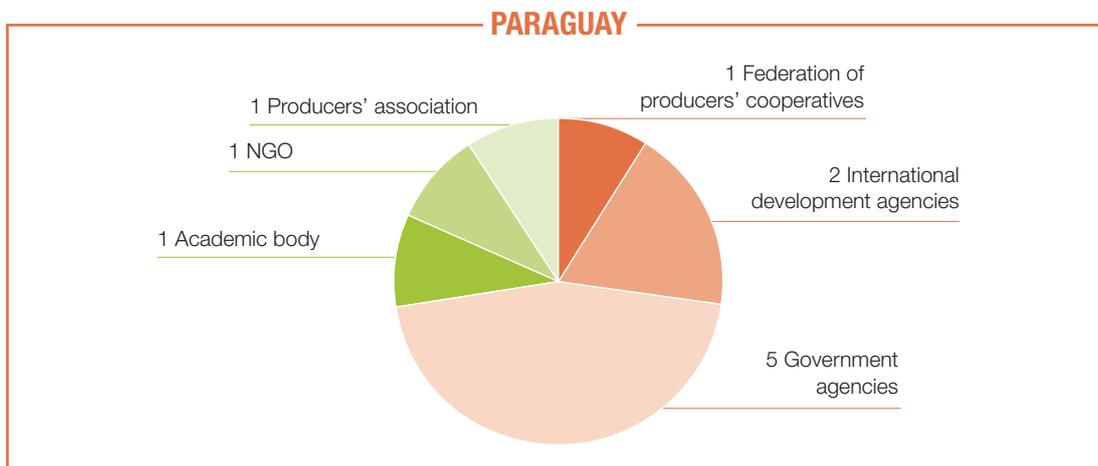
ability to read and use contextual information and the systematic collection, creation and use of strategic information for the purposes of positioning the organisation itself and implementing AD.

In **Peru**, with the support and organisation of DEVIDA, interviews were conducted with individual representatives or with groups of up to 40 people from 18 national, regional and local institutions.

The sectoral distribution of these organisations was as follows: two (2) federations of coffee associations, three (3) international development agencies, one (1) NGO, eight (8) government

agencies, two (2) private entities, three (3) research bodies and one (1) local mayor's office. The visits and interviews were divided between national organisations located in Lima, regional organisations located in the department of Huánuco and local organisations in Tingo María and the Monzón valley, again in the department of Huánuco. In this department AD projects began operating four years ago based on successful experiences in previous years in the San Martín region, known as "The Miracle of San Martín".

In **Paraguay**, with the support and organisation of SENAD, interviews were conducted with representatives of 11 national institutions located in Asunción, including a local producers'



3. BACKGROUND

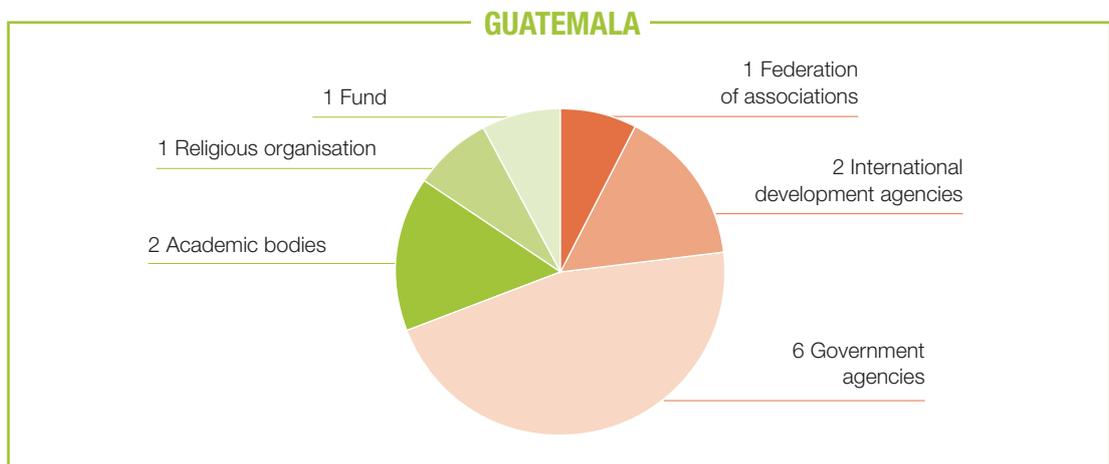
committee whose representative happened to be in the capital. No regional or local institutions were visited in situ. Between one and 30 people per institution participated in the interviews. The sectoral distribution of the organisations was as follows: one (1) federation of producers' cooperatives, one (1) producers' association, two (2) international development agencies, one (1) national NGO, five (5) government agencies or directorates and one (1) academic body.

In **Guatemala**, with the support and organisation of SECCATID, a total of 13 representatives from national institutions located in the capital, Guatemala City, were interviewed. No regional or local institutions were visited in situ. Between one and six people per institution were interviewed. The sectoral distribution of the organisations was as follows: one (1) federation of associations, one (1) fund, two (2) international development agencies, six (6) government agencies, one (1) religious organisation and two (2) academic bodies.

The validation of the information obtained through the interviews was reviewed on the basis of four parameters taken from the field of modern organisational studies that are grounded in systemic and/or holistic perspec-

tives and allow for a panoramic approach (Goleman, 1999; Goffee, 2001; Senge, 2004).

- **Degree of clarity perceived** in relation to participants' views. For example, if significantly different or contradictory views on the same subject are found between four participants in the same group interview or between two group interviews for the same institution, the degree of clarity is low or descending.
- **Degree of coherence** between the issues identified and between the dimensions: the higher the coherence, the higher the effectiveness; the lower the coherence, (usually) the more friction and ineffectiveness is to be found within an organisation and in the wider landscape of organised actors.
- **Degree and speed of learning achievements** and lessons learned on a specific topic, either as part of one institutional capacity dimension or for the whole organisation. The subject of AD in crop areas intended for illicit production requires a high capacity for learning and rapid problem-solving.

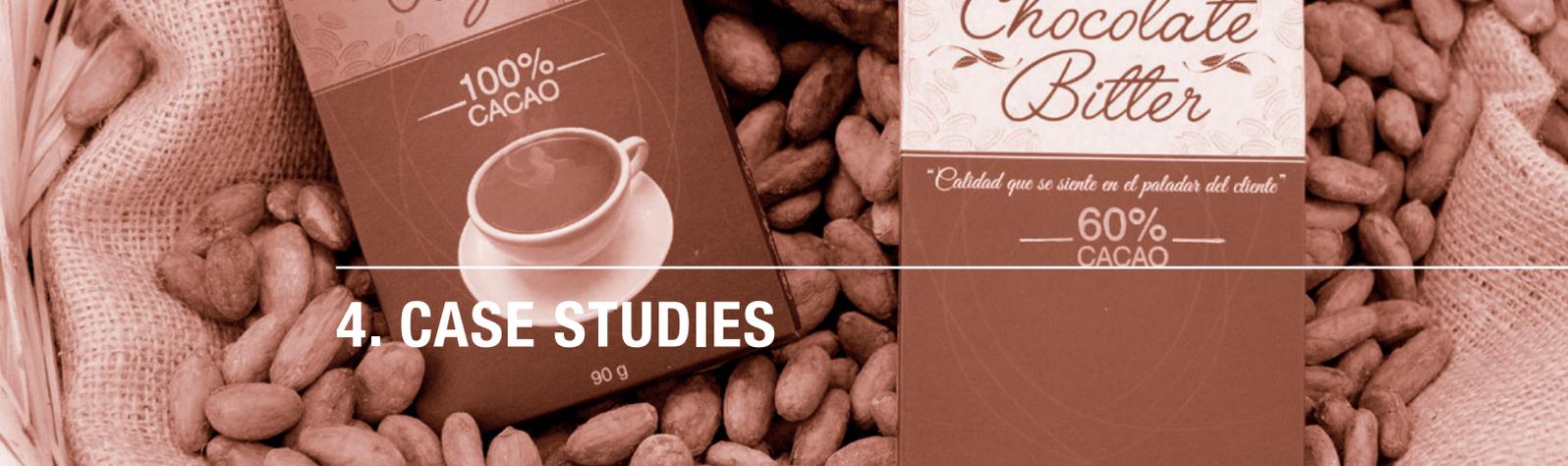


- **Degree of overlap between ways of interpreting the perceived context.** If several actors have similar impressions and interpretations of the context regarding AD and of the current situation and dynamics of the country, then on average their institutional capacity benefits from a shared level of awareness that gives them the power to act in an effective way.

AD or consolidating existing AD agendas.

In order to analyse the information obtained, models from systemic thinking were used in conjunction with a descriptive–interpretative research method. The results made it possible to visualise different levels of progress in the implementation of AD in the three countries and to identify patterns that can serve as guidance for strengthening or embarking upon this approach. These preliminary results were systematised in three case studies, and based on these, a workshop aimed at exchanging experiences and good practices was held with participants from the three countries (February 2018, Lima, Peru). Each country identified the areas in which it aims to improve its institutional capacities.

In the three countries, institutional capacities related to the implementation of AD or a concept using similar terminology were observed, such as, Rural Development, Local Development, Holistic Development, Sustainable Agricultural Development, etc. Each country takes a slightly different approach to the concept of Alternative Development (AD). Each political, social, economic, cultural and geographical context is different, although in the three countries the problems surrounding crops cultivated for the illicit production of drugs are similar. Each country offers common success factors and some that set it apart. Based on the findings in the three countries, the rest of this report presents factors to be considered and lessons learned that could serve as a basis for embarking upon



4. CASE STUDIES

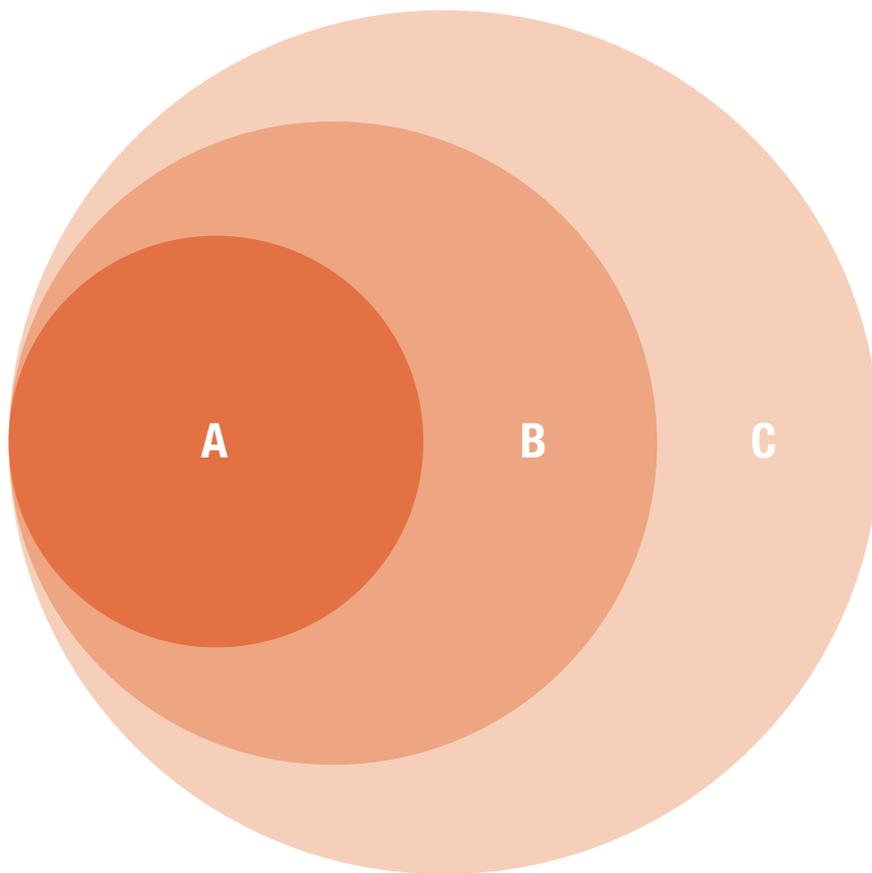
Alternative Development is included in the CI-CAD/OAS *Hemispheric Drug Strategy* adopted in accordance with the needs of each country and with the preventative, comprehensive and sustainable measures provided by alternative development and the law, and in its Action Plan (2016–2020) for Supply Reduction. The objective is “Designing, implementing and/or strengthening programmes that support sustainable, long-term and comprehensive development in rural and urban areas, including, among others, alternative, holistic and sustainable approaches to development and, when appropriate, preventative alternative development, in accordance with the policies, legislation and needs of each country, as applicable.”

In this connection, the Declaration of Antigua, Guatemala entitled “For a Comprehensive Policy on the Global Drugs Problem in the Americas” invites Member States to promote, within the framework of their national policies, holistic and sustainable alternative development programmes and measures, including, where appropriate, preventative alternative development, aimed at eliminating the factors that cause poverty, social exclusion and environmental degradation in order to prevent the induction of vulnerable populations into activities linked to illicit drug production and trafficking (CICAD, Working Plan, 2016, p. 3).

The three countries included in the present study accept the international standards of the United Nations and take into account what the *2015 World Drug Report* states in its chapter on Alternative Development, i.e. that AD is a fluid concept (UNODC, 2015).

That is, from a wide range of potential applications, each country must define its version of the concept and how it is applied in its particular situation and context, according to its priorities and the institutional capacities it has or can develop.

The concept of Alternative Development has evolved over time. Successful experiences, such as that of Thailand, in addition to the work of expert groups at the international level, have allowed the original approach of “providing substitutes for illicit crops” to shift towards a conception that adopts a perspective based on a “broad social approach” (Thoumi 2016) and addresses the importance of territorial development as a government policy. This involves supporting the capacity of communities by developing a cross-sectoral, coordinated network that can create a social and economic fabric sufficient to cover the needs of the population.



A. Crop substitution; B. Integrated Alternative Development; C. Broad social approach

4. CASE STUDIES



4.1. PERU

COUNTRY CONTEXT

The lead state agency in the implementation of AD in Peru is the National Commission for Development and Life Without Drugs (DEVIDA), which reports directly to the Presidency of the Council of Ministers. DEVIDA has been operating for more than 30 years, applying national government directives aimed at controlling and reducing the amount of agricultural land used for the illicit production of drugs, reducing drug trafficking, introducing more measures to prevent drug use and implementing Alternative Development in areas where illicit crops are grown. The country has experience in the implementation of AD as a result of the technical and financial boost provided by international cooperation in previous years (from the United States, the European Union and Germany and the United Nations, among others); as of 2009, the state has taken over more and more responsibility in this respect.

As a result of this experience, AD has come to be defined in Peru as **Sustainable Holistic Alternative Development** (or, by its Spanish acronym, DAIS). It has particular characteristics that can vary depending on the perceptions of different actors from governmental, non-governmental, academic and international development backgrounds, as captured in interviews and the literature reviewed in the context of this study:

- It focuses on **family development**.
- It is perceived as a **“catalyst”** for territorial development. It covers the first years of the shift from illegal to legal agricultural production, implementing specialised development measures, up until the point where a new social

and economic fabric is operational in the region, interrelated in a sustainable way with public- and private-sector services. DAIS can also be understood as a small component of local development more generally. From this perspective, it requires the alignment “on the ground” of the relevant sectoral functions at the different levels of government and their mainstreaming into major strategies for rural development.

- Accordingly, several interviewees shared the opinion that DAIS-type Alternative Development should be carried out in a **fast and effective way**, both in terms of the implementation of new value chains that generate income as well as the coordinated provision of basic services, infrastructure, institutions, security, and technological tools for modern development, etc.
- **Agricultural production** is considered to be at the heart of regional development, combined with an ecosystem approach to recover the environmental damage caused by crops grown for illicit drug production and associated cultivation practices.
- DAIS, according to several interviewee accounts, has a **clearly limited spatial focus**, geared exclusively to areas affected by the illicit economy and drug crop cultivation.
- DAIS uses agricultural production chains to achieve **reliable and competitive value chains in stable markets**. In the case of Peru (after years of testing) the provision of support for DAIS was channelled towards

the cultivation of strategic crops with differentiated high-value markets.

- However, **product diversification** is considered from the outset, depending on the possibilities and conditions of each region; food security is promoted and is focused on opening up other potential value chains, linked to areas such as the conservation of biodiversity, reforestation and ecotourism.
- The concept of DAIS takes into account the balance between production for **subsistence and food security**, the orientation of value chains towards existing **international markets** and, finally, the (slower) construction of **national markets**, which require the promotion of new consumption habits among the Peruvian population. Consequently, different types of end markets are expected in the short, medium and long term.
- DAIS is not perceived as the solution to the problem of crop cultivation for illicit drug production or to the drug trade in Peru. It is seen as a **regional tool** that serves as an entry point for development and helps bring people closer to a life worthy of mutual respect, in areas that have previously suffered from the violence and fear that accompanies illegal trade.
- DAIS involves great **multi-sectoral and multilevel effort**; the public, private, academic and research sectors and different levels of government should get involved in the region and work in a synchronised manner. DAIS could be thought of as synonymous with locally “aligned cross-sectoral interventions”.
- Based on the experience of some actors, there are certain **preconditions** to DAIS that have to be fulfilled so that governance can be

established. These preconditions, whether existing or newly created, guarantee security and governability by calling for a greater presence of the state. They are understood as the “**expressed will**” of a minimum number of producers who want to change based on agreements with state institutions.

- DAIS is also perceived as a **horizontal development** concept, in which local, regional and national levels can come together and are given the same value and importance, with their mandates and capabilities clearly understood and implemented.
- Although DAIS in Peru has focused on a regional territorial perspective, the concept is being updated and opened up to a more **global vision**. Alternative Development not only concerns national regions, but must also consider the dynamics of neighbouring countries and those in other parts of the world, both in terms of markets and trends in drug trafficking.
- In Peru, DAIS, with its family-oriented approach and the consequent continuous support for farming families that (not always fully) change their agricultural practices, requires **strong investment in human, organisational and financial terms**. It is necessary to verify that investments were justified, both in terms of per capita income and of other aspects associated with a quiet and dignified life and the potential for a modern future, like basic personal safety, training opportunities, health, etc. This approach is justified for Peru in the framework of “holistic territorial development”; however, it must be continuously justified at the national level by demonstrable success.

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- In Peru, DAIS is conceived as a **toolkit of actions** for the short, medium and long term.

IMPORTANT FACTORS FOR IMPLEMENTATION

DEVIDA's understanding of the DAIS concept's "holistic" approach is based on four dimensions: economic, social, institutional/organisational and environmental. When it comes to application, there is an emphasis on rural development and, particularly, family farming. This results in a policy focused on fairly well-defined geographical areas, where success stories can be found such as the outcome achieved in the San Martin Region, which has become a kind of standard model that organisations can adapt to the particularities of each region. The comprehensive and sustainable AD is being shaped in the Monzón Valley for the last four years, looking forward to achieving the same success as in San Martin Region.

However, although the current DAIS approach has the potential to be scaled up into a national development strategy, it is still seen as an initiative for providing ongoing assistance to families in areas vulnerable to the illicit drug economy, replicable in specific sectors, but not applicable to larger regions and lacking the infrastructure to coordinate more far-reaching socio-economic frameworks.

This study has been able to verify the existence of institutional capacities that function coherently and are shared by different institutions; one of these is the strategic **orientation of organisational action** towards Alternative Development. In this respect, the study has been able to identify

the following assets and challenges:

- ▶ **Sufficient regulatory instruments** to implement Alternative Development and to ensure regional governance (examples include the National Drug Control Strategy 2017–2021, the PIRDAIS Programme, various sectoral and national laws (Organic Law), etc.).
- ▶ Clear sectoral, governmental and institutional mandates and clearly assigned roles with regard to AD, which could be effective for successful implementation. However, the interpretation of these mandates, the extent to which they are implemented and how and the circumstances of each region vary significantly. As a result, opportunities for connection between institutional sectors are lost, and the priority status of AD is diluted when it becomes a tangential theme of other agendas.
- ▶ There is **a budget for DAIS as a regional development priority**. Up to 95% was initially financed by international aid, but in recent years the Peruvian state has increasingly assumed this responsibility, to the point of reversing the situation and committing to provide the majority of the financing.
- ▶ **A high degree of consistency in terms of the meaning of DAIS** in Peru, which contributes to efficiency and coordinated work among institutions. However, in this study, differences in the details were detected, especially regarding concepts such as "impetus", "speed", "integral and holistic", "regional territorial development important for Peru" as a "whole" and "take-off conditions." These differences can lead to dislocation and slowed progress.

▶ Although plans, policies and development strategies for Peru do exist, **it was not possible to perceive a clear** commitment towards the future for Alternative Development as part of a national development policy. At the inter-institutional level, it is unclear what contribution this strategy can offer in building the country of the future.

▶ Due to the above, DEVIDA perpetually finds itself obliged **to enter into a kind of cross-sectoral competition** in order to demonstrate the value of DAIS in serving the interests of other sectors that have a higher profile in the country. To do this it uses its experience and ability to negotiate and draws on its high capacity for collecting, systematising and constructing information and key strategic statistics for the country for example, on the total area of land transformed or on comparative returns, markets and socio-political and environmental impacts.

change in others) and modifying the prohibitionist aspect of its old role. This institutional transformation (under legislation and a reorganisation of sectoral jurisdictions) contributed to a clearer and more logical internal identity and an image change towards a well-regarded institution that is widely recognised today and conducts itself in a highly professional and ethical manner.

This corresponds to a far-reaching change of vision, whereby an organisation formerly focused on “eradication” has become an institution with wide convening power that gives it an influence at different levels of national life. The way in which the concept of Alternative Development has been understood and developed in Peru

The AD in Peru has the potential to become a development strategy broader policy that can make a difference in regions marked by the illicit economy.

has the capacity to align the various institutions necessary for its implementation, which could translate into positive impacts at the local level. However, the potential for

AD to become a broader policy is within reach, positioning it little by little as the one development strategy that can make a difference in regions marked by the illicit economy. This depends on DEVIDA strengthening its ability to communicate with other organisations and moving beyond simple coordination to invite them to join in collaborative processes and a joint quest for results.

If DEVIDA does not pay timely attention to its strategic interaction dimension and to its capacity to convince sectoral actors to work together, its powerful executive arm may run the risk of weakening (likewise its financial leveraging power). This could subsequently undermine its direction and influence over the institutional capacities of other sectoral organisations, and therefore the implementation of AD in Peru in general.

SUGGESTIONS FOR STRENGTHENING INSTITUTIONAL CAPACITIES

This study shows that DEVIDA is a high-ranking institution with a strong history that has taken it through a process of maturation. What was once a prohibitionist body charged with eradication and punishment became (in 2012) a vehicle for the coordination and implementation of DAIS, as well as drug use prevention and treatment. It now supports eradication and sanction measures through the links between each of these areas and Alternative Development.

At that time, DEVIDA changed its institutional competences and reorganised its institutional structure, emphasising “change management” (a type of organisation dedicated to creating

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This suggests, moreover, a need to refine the language used and the way in which success stories are presented. At the moment, DEVIDA's advocacy work places most of the emphasis on demonstrating its own achievements. There is a need to shift the focus towards raising awareness and emphasising the value of efforts to bolster joint or collaborative achievements. Among other things, this may discourage the institutional universe from developing its own shared advocacy capacity for AD.

Similarly, it may be valuable to take advantage and foster the potential of DEVIDA's internal monitoring unit, in order to generate managerial and strategic information on DAIS for Peru.

In addition, greater involvement of the private sector in entire value chains and in the creation of other, innovative value chains could contribute, given that it approaches AD from a different, non-institutional perspective. It might also be helpful to encourage even greater involvement from the various actors in the environmental sector, in the interests of sustainability and establishing the virtuous "trust/reliability" cycle that supports the creation of social fabrics for DAIS.



4.2. PARAGUAY

COUNTRY CONTEXT

The Alternative Development approach has been developed over time, with the aim of turning it into a transformative model for producing countries. States like Paraguay, which only began exploring AD in recent years, seek to align their discourse and implementation work accordingly, adjusting, organising and managing their organisational capacities towards this goal. For countries that pursue AD without having a track record in this area and rather being in the “preparation” stage, as in the case of Paraguay, the holistic approach of Alternative Development remains a challenge.

The lead state actor for the implementation of AD in Paraguay is the National Anti-Drug Secretariat, SENAD, which reports directly to the Presidency of the Republic. SENAD has a broad legal framework for the implementation of drug policy, but this is still not sufficiently integrated with the country’s development policies (see Garat, 2016). There are regulations in place to encourage an AD approach as public policy, although, according to several interviewees, it is still under-resourced.

The perceptions of several actors interviewed and of other authors are that the country is experiencing potential diversification both in drug trafficking and in the cultivation areas. There is no conclusive information, because to date there has been no systematic monitoring of crops, as it has been done in other countries in the region in cooperation with the United Nations Office on Drugs and Crime (UNODC). This makes it difficult to give an estimate of the areas dedicated to cultivation for the illicit production of drugs. It is only possible to make indirect estimates using

national-level data on areas where these crops have been eradicated or data on deforestation, both of which can result from the cultivation of cannabis.

SENAD, for its part, has up to now prioritised the prevention of drug use and the reduction of supply, especially of marijuana. In the case of cannabis, the demand, particularly in neighbouring countries, is part of a complex picture

As both SENAD and Paraguay are still in the phase of establishing the foundations for an Alternative Development approach, it can be seen as an advantage to explore good practices and lessons learned in other countries.

in Paraguay, with a historical and social trajectory that facilitates political as well as commercial involvement in this trade.

SENAD’s Directorate of Alternative Development is not yet strong enough to generate a far-reaching impact. On this issue, Paraguay has not received the support of the international community with the intensity and effectiveness seen, for example, in Peru and, so far, has depended only on its own capacity to advance slowly. Therefore, it is too early to talk about “AD implementation” in Paraguay. Both SENAD and the country are still in the phase of establishing the foundations for an Alternative Development approach. This can be seen as an advantage, because they have the opportunity to explore good practices, take into account lessons learned elsewhere and create the strategic institutional capacities that will be needed from this point on. Its basic approach is founded on the international standards of the United Nations. However, the *2015 World*

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Drug Report states that AD is a fluid concept (*World Drug Report 2015*). In other words, an appropriate approach to the particular context has to be established, taking into account the specific socio-economic and agro-ecological conditions in the target regions.

IMPORTANT FACTORS FOR IMPLEMENTATION

There is not yet a unified and shared conception of Alternative Development in Paraguay. SENAD works with an approach to AD that brings together several existing perceptions at the institutional level in the country, in a formulation that centres on “Integrated Rural Development” (or DRI, by its initials in Spanish). However, as the term has not yet been disseminated and accepted by the set of actors involved in the country, it cannot be used as established terminology.

From the interviews conducted for this study, it can be seen that there are some topics that are more common among interviewees, which may reveal perceptions and interpretations of AD in the country. Thus, in Paraguay, Alternative Development should:

- Begin with integrated measures in pilot projects that do not require a lot of investment, but use the latest technology and specially adapted innovation to create examples and case studies of implementation.
- Start from a territorial approach.
- Focus on change processes, with close and continuous support.
- Focus on developing value chains and including small-scale producers.

- Consider social, economic and environmental aspects (some interviewees made reference to the environment, especially regarding the issue of deforestation).
- Consider the training of the population, and particularly prospects for young people, alongside profitability.

The general impression given by the interviews is that the “hallmark” of Alternative Development “Paraguay style” should link regional sustainable economic progress to a clear emphasis on a quiet, pleasant and family-centred life, a

The general impression given by the interviews is that the “hallmark” of AD “Paraguay style” should link its ethical and social aspects and the potential profitability for the country.

balance between valuing the ethical and social aspects of AD and the potential profitability for the country.

At the time of writing, there are still no AD projects that have

been planned and declared as such. However, there are several national programmes and projects with international cooperation. These have no specific emphasis on areas where crops are grown for illicit production, but they do focus on communities and small-scale producers. Some of them are aimed at building new economic chains in regions with extremely high poverty rates (e.g. the Sustainable Rural Development Project – PRODERS, funded by the World Bank; the Inclusive Paraguay Project – PPI; the Rural and Indigenous Family Farming Income Improvement Project – PROMAFI, funded by the International Fund for Agricultural Development (IFAD)). The Ministry of Agriculture and Livestock (MAG) implements these three projects.

There are also national NGOs that realise specific interventions on families and small-scale producers.

Several of these projects or their activities are carried out in areas where crops are grown for the illicit production of drugs, but none of them takes a holistic and coordinated approach spanning multiple relevant sectors, as is required for AD. Some of these experiences have been successful in terms of changing production and value chains and improving coordination among producers. However, they have not been drawn upon or systematised with a view to using them as a stepping stone for introducing AD processes.

Among those interviewed different perspectives could be found, more personal than institutional, although there is a common interest in the implementation of AD in Paraguay in areas affected by cannabis cultivation. These perspectives can be grouped into two trends: those who think of AD as a strategy to assist the poorest areas, and those who have a larger-scale vision, seeing AD as a potential national strategy that integrates modern technologies into value chains, which include small-scale producers.

On the other hand, from the point of view of state policy, there is still no established road map for Paraguay. Only SENAD currently has an organisational strand specifically focused on AD. This mandate is implemented in parallel with SENAD's "repressive" mandate to eradicate crops grown for illicit production and the fight against drug trafficking, and with measures to prevent drug use and provide the ensuing treatment. The emphasis on eradication is growing stronger and this aspect has larger annual budgets than those aimed at advancing holistic development in the country.

As already mentioned, there is no accurate data on the expansion or shrinkage of crop areas used for illicit production. According to the *2018 World Drug Report*, 5,656,266 cannabis plants

were eradicated in 2016. Other documents reported by SENAD paint a persistent picture of illicit crops in present-day Paraguay, whether in areas dominated by small producers, in indigenous reserves, nature reserves or extensive areas of private land, and not only in border areas linked to criminal activity. However, there is also a shift towards the interior of the country, where illicit cultivation is on the rise.

One of the basic institutional capacities needed for Paraguay to find its own approach to AD is the ability to strategically orient the organisational actions of different bodies towards a clear and shared vision in this area, which will require:

- ▶ **Governmental regulations, policies and strategies that declare AD to be a fundamental part of the development of the country.** Institutions have some regulatory instruments at their disposal (examples include the National Development Strategy, the Anti-Drug Policy, various sectoral and national laws and multiple decrees), but none have a specific relationship with AD or aim to establish guidelines for implementation.
- ▶ **Sectoral, governmental and institutional mandates and clear designated roles for AD.** Apart from some initial exchanges of information with other sectors, such as with the allies of the Ministry of Agriculture, the Federation of Small Producers, the private sector and supportive contacts in the NGO world, to date there has been no formally established coordination.
- ▶ **National and sectoral budget allocation for AD as a priority for regional development.** The staff of the Alternative Development Directorate is financed through SENAD, but there is no additional budget for activities or projects. Since AD does not

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appear in the guidelines for any national policy and the focus on drugs is directed towards supply and demand, the ability to calculate and manage budgets is restricted. However, it could be seen as an opportunity that, for rural development projects in the NGO sector; for instance, in the federation interviewed, there is undoubtedly a high capacity to manage, grow and link budgets. It would be necessary to take a deeper look at the possibilities offered by other sectors identified by the interviewees as actors with a high potential as allies for a future AD in Paraguay, such as the Ministries of Agriculture and Livestock and the Ministry of Industry and Commerce.

- ▶ **A unified understanding of what AD means.** It has been stated above that the meaning of AD has not yet been formulated in an institutionalised manner.
- ▶ **Visions or commitments for the direction of the country at the global level.** The National Development Plan sets out strategic guidelines that, due to their general nature, can be used for AD, such as the guideline that seeks to position Paraguay internationally and to foster development in poverty-stricken areas. Moreover, several directorates of the STP (Technical Secretariat of Economic and Social Development Planning, which reports to the Presidency), promote regional development plans that could provide an effective stimulus for AD at the regional level. However, there is no shared cross-sectoral vision, nor has AD been incorporated into development plans.
- ▶ **Governmental management visions and decisions.** This refers to the implementation of AD at all levels (national, departmental or regional and local) and the corresponding

capacities for its management in the public and private sectors. These are intimately linked to the previous point and are not yet defined. However, capacities for the management of rural development are in place and/or coordinated through bodies such as international development coordination boards and cross-sectoral coordination boards (mentioned by the MAG).

SUGGESTIONS FOR STRENGTHENING INSTITUTIONAL CAPACITIES

Based on the above, it has been shown that the process of linking AD into Paraguay's public policies is still at a very early stage. Viewed from the perspective of strategic preparation for AD, it can be said that the country has valuable capacities with potential for further development, such as high institutional capacity for taking advantage of information and knowledge. This capacity provides the foundation allowing Paraguay to take the first step towards a strategic process of preparing the organisation itself for implementing AD.

Throughout the research process, it could be found that interviewees were very clear about the gaps that still need to be filled inside and outside the organisation. A recurrent theme was the awareness that the insufficient level of information and knowledge about socioeconomic conditions in crop areas used for illicit production, the dynamism of drug trafficking and the dependence of the affected populations result in a knowledge gap. The lack of knowledge hinders the ability to prepare AD strategies, to take the necessary political decisions and to create the sectoral conditions for joint action.

SENAD is endeavouring to gather information. Nonetheless, it is still a weak link in Paraguay's

ability to embark upon an AD process or pilot AD projects. According to one academic, it is not unusual for strategies and decisions to be based on assumptions and interpretations at the national level, which are not exactly based on substantiated and reliable information. Even the collection and publication of information can pose a personal risk to life (see the case of the journalist murdered in 2016).

Increasing efforts to collect information could be part of a strategy aimed at establishing an AD policy in Paraguay. At the same time, the improved information would increase the value of SENAD as a strategic partner for other institutions in all state and non-state sectors, the same institutions that would play a key role in coordinated regional development programmes. The financing of a future AD approach is taking shape among several sectors, programmes and projects. SENAD could become an organisation whose AD Directorate would issue guidance and guidelines, having become a strategic hub of information and knowledge.

The bilateral exchange already established with DEVIDA, thanks to the forums for exchange and cooperation generated by the COPOLAD programme, could facilitate continuous learning and institutional strengthening based on examples of AD implementation in Peru.

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4.3. GUATEMALA

COUNTRY CONTEXT

Guatemala has a long history of drugs policies, but the topic of Alternative Development is only at a preparatory stage. This creates significant obstacles, since the current AD concept, being a holistic strategy, poses institutional and organisational challenges.

The lead state actor in Guatemala in terms of the promotion and subsequent implementation of AD is currently CCATID, the Commission Against Addiction and Illegal Drug Trafficking of the Vice Presidency of the Republic, with its Executive Secretariat, SECCATID.

“The national authority coordinates the areas of demand reduction, supply reduction, control measures, holistic and sustainable alternative development programmes, the drug observatory, international cooperation and programme evaluation. The country has a coordination mechanism to carry out effective planning and execution of national drug policies” (CICAD–OAS, 2014).

Since 1996, the year of its creation, SECCATID has had two roles: coordination and implementation. Supply reduction is coordinated by SECCATID. Prevention and treatment are both coordinated and directly implemented by the Secretariat, which also carries out direct monitoring. The legal framework for drugs policy does not specifically include development plans, but it is broad-based and enables SECCATID to promote the implementation of AD in Guatemala, at least in a preparatory phase, while stimulating the creation of a national development policy

that could support initiatives by designating them as priority public policies.

Although the 2014 *CICAD-OAS Evaluation Report* refers to existing Alternative Development initiatives in Guatemala, such initiatives do not necessarily correspond to a concept of holistic development consciously put forward as public policy.

As mentioned in the interviews conducted for this study and in the secondary sources reviewed, most of the initiatives promoted by the Ministry of Agriculture, Livestock and Food and by the private sector, such as AGEXPORT or federations or NGOs, have not been specifically developed under the concept of AD. Among others, there are initiatives that are more modest and local projects which emphasise production or which have already been integrated into higher value chains relating to exports such as coffee¹ or the apicultural value chain in Guatemala, which has been especially important for areas where the country’s opium poppy and cannabis crops are found.

Therefore, one cannot talk about AD in isolation, but rather about broader rural development initiatives, with the possibility that the foundations will start to be laid in areas affected by the illicit economy for implementing an AD approach in an appropriate manner in the future, taking advantage of the legal and political framework provided by SECCATID.

1 Related information can be found at the National Coffee Association (ANACAFE) webpage: <https://www.anacafe.org>

To achieve this, it is necessary to overcome the difficulties posed by an illicit economy that is very present both locally and regionally. This obstacle makes thinking about Alternative Development in Guatemala highly complex, especially in terms of security. In addition to this, there are sectoral interests, diverse political interests and a lack of stable alliances.

IMPORTANT FACTORS FOR IMPLEMENTATION

Based on conclusions from the interviews it can be said that there is not yet a unified and shared conception of regionally grounded development in Guatemala, nor of Alternative Development.

SECCATID considers AD in its holistic understanding in line with international guidelines, while other organised actors in Guatemala approach it from different perspectives.

These perspectives derive from other development concepts, which are not necessarily mutually exclusive but focus on different aspects.

The study was able to identify two general perspectives on AD in Guatemala:

- Interviewees from the public, academic and religious sectors focused on AD in the context of rural or farming communities, understanding AD as form of holistic rural development that addresses the basic needs of the population affected by the illicit economy.
- Interviewees from the private sector (CACIF, the INVIERTE Guarantee Fund (a public-private partnership)) emphasised a more regional understanding of AD, wide-ranging and oriented towards value chains with foreign end markets.

Furthermore, one government group describes its own initiatives, a series of primary support measures, as AD. In spite of the varied conceptual approaches to Alternative Development, all interviewees, from different institutions, agree on certain elements. In this respect, AD in Guatemala should:

Furthermore, one government group describes its own initiatives, a series of primary support measures, as AD. In spite of the varied conceptual approaches to Alternative Development, all interviewees, from different institutions, agree on certain elements. In this respect, AD in Guatemala should:

- ▶ Start from pilot projects that do not necessarily require a large budget at the beginning.

AD in Guatemala is perceived to be closely linked to the creation of profitable businesses, in combination with the creation of social capital and the feeling of shared pride that can offer new ways to gradually move away from the illicit economy and dangerous situations.

- ▶ Start from the regional context, and not necessarily in high-risk areas, but probably in locations adjacent to these areas.

- ▶ Focus on change processes with close, continuous support and a permanent state presence.

- ▶ Focus on the entire value chain in a comprehensive manner.

- ▶ Consider social, economic, security and territorial aspects.

- ▶ Consider a “quiet life with development” and future prospects for young people.

- ▶ Create a new, healthy social fabric and break with current paradigms.

AD in Guatemala is perceived to be closely linked to the creation of profitable businesses, in combination with the creation of social capital

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and the feeling of shared pride that can offer new ways to gradually move away from the illicit economy and dangerous situations.

Guatemala's National Development Plan is the *Development Plan K'atun: Our Guatemala 2032* (CONADUR/ SEGEPLAN, 2014) approved by the National Council for Urban and Rural Development. While it does not specifically mention Alternative Development, it refers to the National Policy against Addiction and Illegal Drug Trafficking in the chapter on development policies.

Mentioning the need for development in the areas where crops are cultivated for illicit production, both poppy and cannabis, indicates the need for a coordinated and comprehensive state approach. Such an approach would allow, based on a broad interpretation of the Plan, the creation of appropriate policies and decrees that could support a future AD approach, with the corresponding financing. SECCATID, with its legal mandate to advise on actions in the area of supply reduction and with its experience in other related areas, is the appropriate body to drive this forward.

In order to start implementing AD, there is a need to address key elements, some already in an advanced state, others requiring reinforcement:

- A "shared vision," that is, a unified, cross-sectoral interpretation of what AD means in the case of Guatemala.
- A designated state budget.
- Key long-term allies, working together towards regional progress in the common interest.

To have a shared vision of AD, the following are required:

▶ **Governmental regulations, policies and strategies for Guatemala, which declare AD to be a fundamental part of the country's development.**

Although institutions have some regulator instruments at their disposal (examples include K'atun 2032, the National Drug Policy, sectoral and national laws and multiple decrees), none is exclusively focused on AD. The concept was mentioned in PENDOS, the National Plan for Sustainable Rural Development, which has its own legislation that was never passed by congress. At the moment, there are no guidelines for cross-sectoral coordination and collaboration like those developed for high-impact priority projects (see projects managed by the Presidential Commission) that could promote the creation of a demarcated programme with a budget allocated by the state through the Presidential Commission or funded by support from the international community.

▶ **Sectoral, governmental and institutional mandates and clear designated roles for AD.**

SECCATID has the first mandate to promote AD, in conjunction with the Ministry of Agriculture, Livestock and Food (MAGA) and to create the first comprehensive data study for AD (livelihoods analysis). It also has a mandate to reduce supply and demand. However, it requires reinforcement and the organisation of cross-sectoral alliances and strong vice-presidential support in order to coordinate the other sectors.

▶ **National and sectoral budget allocation for AD as a priority for regional development.**

There are no resources di-

rectly earmarked for AD. The first steps in this direction are now being taken through SECCATID and MAGA.

► **Visions or commitments for the direction of the country at the global level.** *The K'atun 2032 National Development Plan* establishes strategic guidelines that, due to their general nature, can be used for AD. For this study, development plans at the municipal and departmental levels were not reviewed, but the possibility of doing so is suggested because they could offer possible starting points and interesting lines of action for mainstreaming AD at the municipal level in areas affected by crop cultivation for illicit production.

► **Governmental management visions and decisions.** This point refers to the implementation of AD at all levels (national, departmental or regional and local) and the corresponding capacities for its management in the public and private sectors. It is intimately linked to the previous point and is still not verifiable due to a lack of experience of implementing AD. However, some sectors such as the MAGA, the private sector and the religious sector have infrastructure in place in areas where crops for illicit production are grown, and so can become key actors for the future implementation of AD in these areas.

the interests of directorates, organisations and individuals in promoting changes in Guatemala. While the CCATID's Executive Secretariat, SECCATID, is preparing to take a leadership role on the issue in a strategic manner, it requires organisational strengthening in addition to an increased budget and more staff.

Both the observatory and a leadership role in AD could strengthen the capacities of SECCATID to coordinate and align the different areas of drug policy. Several reports and all interviewees, without exception, mentioned the insufficient level of information and knowledge about current socio-economic conditions in cultivation areas, and about the dynamism of the illicit economy. Although in SECCATID there has been some initial reinforcement of the observatory, monitoring and information activities, the organisation places greater emphasis on description and

Only with the right information can AD be initiated successfully in Guatemala and will allow SECCATID to be strategically positioned within its environment in a way that allows other entities with an interest in the holistic development of the nation to rally around it.

less on research, strategic and managerial analysis. Also liaising with other institutions to obtain multiple sets of statistical information is not in the focus. Only with the right information can AD

be initiated successfully in Guatemala. With evidence-based information, SECCATID and the Commission can be strategically positioned in a way that allows other entities with an interest in the holistic development of the nation to rally around it. Several of the interviewed organisations indicated that both political and institutional management are based on "allusions", "interpretations" and "opinions", instead of being based on researched evidence, especially in relation to illicit drug crop cultivation.

SUGGESTIONS FOR STRENGTHENING INSTITUTIONAL CAPACITIES

To prepare for a future AD approach, given the experience of existing initiatives, especially in the private sector, first it may be appropriate to attempt to anchor AD in public policy and

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In summary, the following aspects were identified by interviewees as ways to enhance institutional capacities:

- ▶ Optimisation of the regulatory and political framework.
- ▶ Establish a unified and shared vision in relation to the concept of AD with “Guatemalan branding”, with an emphasis on security and the social fabric within the framework of a holistic approach to territorial development.
- ▶ Convert SECCATID’s observatory into a key centre for the collection and analysis of evidence-based and strategic information for AD.
- ▶ Creation and care of a network of trusted allies, convinced of the need for change in Guatemala and, especially, with participation from regions where crops for illicit production are grown. Options are institutions such as MAGA, the Ministry of Economy, the Ministry of Public Finance or others, as well as the private sector and civil society.
- ▶ Systematisation of information use and existing initiatives such as the project clusters of the Foundation for the Development of Guatemala (FUNDESA).
- ▶ Inquiry into anchoring projects (options such as the European Union’s PAFEC and others).
- ▶ Leveraging DEVIDA’s experiences in Peru, with an organisational figure charged with coordination and implementation, such as SECCATID.



5. FACTORS TO CONSIDER

Recently, AD projects have produced rather mixed results. Many projects have been oriented towards achieving results in controlling the supply of drugs in the short term. However, experience shows that AD has been successful both in fostering local and regional sustainable development and in reducing the cultivation of crops for illicit drug production. Key for success was the concentration of project activities not exclusively on cultivation, but on the political, social and economic factors that cause drug economies to proliferate (GIZ, 2013).

Among the participating countries of COPOLAD II, a shared understanding has been identified that AD is a holistic concept (social, economic, political and ecological) that requires crosssectoral coordination based on dialogue and agreement among all actors concerned. At local, regional, national and international levels, AD needs to be attuned to broader development strategies. In this way, AD can be rethought as a concept in more comprehensive dimensions and adapted to the specific conditions and context of each country.

In COPOLAD II's discussion forums, in which eleven countries from Latin America and the Caribbean participated, including the three countries that form part of this study (Guatemala, Peru and Paraguay), several important lessons learned for the implementation of AD were identified.

- ▶ It is considered that AD strategies and programmes should be based on the full participation of local communities and rural producers and should incorporate intercultural and gender approaches.
- ▶ In working with the population, it is important to promote citizenship and decriminalisation; a key element is land titling and the training of local governments in this process.
- ▶ The development and maintenance of infrastructure tailored to the needs of local communities can be key to facilitating access to markets and galvanising the development of marginalised communities.
- ▶ AD is based on the sustainable use of natural resources, with regard to the conservation of biodiversity and the impacts of climate change on risk management. To this end, it requires local capacity building for the development of sustainable value chains and

commercialisation, as well as food security and the resilience of household livelihoods.

- ▶ Taking into account the context, which often involves severe security problems, high-level decisions are required to work in high-risk areas, in addition to principles that allow work in these locations, such as coordination between institutions, proper sequencing and attention to local communities so that they do not suffer negative impacts.

Based on numerous experiences of implementing projects all over the world, GIZ, a strategic partner of COPOLAD II in the field of AD, has developed a set of standards and principles for more effective and sustainable support for rural development in opium poppy-, coca- or cannabis-growing areas. They are presented here as suggestions for the design and implementation of AD projects.

FUNDAMENTAL PERSPECTIVES OF AD

The first suggestions reflect the fundamental perspectives of AD.

▶ Thinking about AD in a holistic manner

As a holistic approach, AD considers the economic, social and environmental aspects surrounding crop cultivation for the illicit production of drugs. It not only focuses on tackling poverty and its multiple causes, but must also be coordinated with measures that address factors such as the lack of public services, the situation of insecurity caused by violence and conflict and gender inequality. Therefore, AD aims to improve the living conditions of the affected population and rural development processes in a sustainable manner.

In this respect it is recommended that relevant stakeholders, particularly small-scale producers in the affected areas, be involved in the design, implementation and evaluation of strategies. In order to achieve sustainable and comprehensive change, the main causes of poverty have to be taken into account. Equally important is the consideration of providing public services, access to legal markets and the development of the affected population's technical capacities in order to diversify livelihoods through value chains based on high-quality agricultural products. Likewise, it is essential to consider a gender-based approach that ensures the equal participation of women and men.

▶ Strategies spanning the short, medium and long term are required

It is recommended that development strategies be designed based on dialogue with the affected communities, in order to create effective change in the short, medium and long term. In the short term, the basic needs of the population have to

be considered to ensure food security. Medium-term sustainable development requires the diversification of income sources to mitigate risks and manage vulnerability to “shocks” while generating legal revenues.

Examples of successful experiences include the diversification of legal crops with a view to establishing sustainable value chains with market prospects. Efforts to foster value chains must take account of factors such as the potential to generate income for small-scale producers, the environmental impact and technology and training needs.

The sustainable management of natural resources is a key factor to bear in mind from the beginning and in the long term. This includes the reforestation of depleted soils and the prevention of soil degradation. Long-term strategies are key to reducing the number of producers who revert to growing crops for the illicit production of drugs.

► **To overcome these problems, it is necessary to transform the prevailing environment**

In order to reduce farmers’ dependence on the illicit economy and to encourage conversion to the legal economy, it is essential to change the prevailing conditions of the illicit economy. AD’s holistic approach requires an understanding of economic and social conditions in the affected regions and of the population in its particular context. As a first step, it is vital to build trust through a dialogue with stakeholders, particularly local communities, in order to understand the human development problems and relevant conflicts at the local level. The formalisation of land tenure provides multiple incentives to support a transition to a legal economy and the development of legal institutions. In addition, it encourages willingness to make long-term

investments in the sustainable use of natural resources and can consolidate the potential of women as agents of development.

► **Environmental consideration**

Frequently, coca-, opium poppy- or cannabis-growing areas coincide with ecologically fragile zones, in which it is necessary to incorporate activities to protect forests, soils and water sources as part of the programme design. Monocultures of crops for the purposes of illicit drug production, for example, as well as large-scale monocultures in general, can cause environmental damage such as soil depletion and erosion, desertification and damage to ecosystems and biospheres. The sustainable use of natural resources and the protection of biodiversity, on the other hand, can contribute to sustainable livelihoods. Measures for managing natural resources sustainably and protecting biodiversity include, among others, ecological and economic land zoning, carrying out preliminary environmental studies reforestation and the use of agroforestry systems in keeping with local conditions.

PLANNING AND DESIGNING ASPECTS OF THE AD PROGRAMMES

The following four aspects should be taken into account at the institutional level when planning and designing AD programmes.

► **Incorporation into wider development strategies**

AD programmes require mainstreaming into development strategies at the regional or national level. In other words, they should make a specific contribution to established development objectives. Good coordination of AD measures at the inter-institutional level is necessary to ensure that public bodies in the relevant sectors assume their role at the right time, so that the sustainability of the measures can be monitored and promoted. Efficient facilitation of this coordination can help to ensure public that entities are effectively incorporated into the monitoring of AD implementation in areas where they often encounter obstacles to fulfilling their role and functions.

Taking advantage of opportunities to support entrepreneurial projects that may be developed in less privileged areas and that incorporate communities as shareholders and direct stakeholders is one way to strengthen the regional framework. This way, employment and opportunities can be brought to those sectors that are otherwise vulnerable to illicit economies.

► **Baseline studies and regular evaluation**

Another important aspect are baseline studies prior to the implementation of AD measures, to serve as a reference point for monitoring and evaluating the results. These should capture the complexity of circumstances at the local level. Therefore, not only economic factors should be taken into account in baseline studies. Broader methodologies, such as the livelihoods approach

in an illicit economy environment (GIZ, 2011) offer a means to better capture the complexity of the main problems at the local level. Quantitative indicators can be accompanied by qualitative indicators verified through field visits and focus group interviews with beneficiaries, both women and men. Continuous evaluation allows steady progress to be monitored with consideration given to impact, effectiveness, efficiency and sustainability factors.

► **Financing and long-term commitment**

Successful AD projects, particularly in the agricultural sector, have often had a relatively long duration. Securing long-term financing requires involving different actors from multiple sectors and from different contexts. Therefore, successful strategies should be taken into account to ensure the sustainability of measures from the beginning, in order to facilitate the continuity of the development process once the initial funds run out. Facilitating access to existing financial services for interested producers and integrating private and public sector actors are issues that play an important role. Successful experiences have shown that through vertical linkages between sectors, companies and associations it has been possible to generate funds from various sources (technical support, financing of supplies, etc.). Analysing bottlenecks in value chains, for example, can serve to identify common interests between different actors and to strengthen vertical linkages between producers and buyers. In addition, projects should consider existing funds, such as general credit lines for small producers or the inclusion of communities or households in existing social security services to which they previously did not have access. The potential to take advantage of existing funds for environmental conservation should also be considered. In this way, it is possible to leverage the impact of programmes and projects.

► **Coordination between the actors involved**

An important requirement for the successful implementation of AD projects is a solid political commitment to the strategy on the part of all the actors involved. AD strategies should be based on a broad coalition of implementing agencies and have the long-term commitment of national and international stakeholders. Establishing inter-institutional technical boards can encourage coordination among the actors involved, at national and international levels, to coordinate the specific measures effectively.

OTHER ASPECTS TO BE CONSIDERED IN RELATION TO THE AD TARGET GROUP

Four other aspects suggest considering the impacts and benefits that will be experienced by the recipients of the AD programmes, or those who live in the areas where they are implemented.

► **Ownership**

As the exemplary case of Peru has shown, AD projects should not be implemented as a "standardised package" that runs in one place or another. On the contrary, they should be carried out from a local perspective, first addressing the needs and development potential of the private households, cooperatives and producers' associations involved and promoting the social and human capital of direct beneficiaries as the main development actors.

► **Avoiding repression**

An AD programme should not pursue forced eradication, bearing in mind that this practice focuses on the lowest link in the illicit economy: farmers and their subsistence mechanisms. Eradication efforts are often neutralised by the relocation of crops and the migration of rural farmers and day labourers. This can trigger food shortages and damage to the environment, undermine the trust of local communities and aggravate social conflicts.

Where there are plans to eradicate crops intended for the illicit production of drugs, it is necessary to establish the necessary alternatives in advance, so as not to deprive farmers of their means of subsistence and to prevent a situation of extreme poverty.

► **Non-conditionality and voluntary participation**

The implementation of AD programmes should

not be conditional on the prior eradication of crops intended for the illicit production of drugs.

These conditions can be perceived as a "disguised" form of forced eradication, with the same negative consequences described above, which can even create false incentives. The reduction of drug cultivation should be a consequence of alternative development processes and not a prerequisite.

► Do no harm

At the time of designing, implementing and monitoring AD projects, special sensitivity should be given to local conflicts, since most illicit rural economies operate in conflict and post-conflict environments.

As in many areas, the interested parties are non-state armed groups and/or criminal networks, AD and development cooperation in violent environments where drugs are a factor should be designed according to the "do no harm" principle. In this way, putting farmers at risk when they participate in cooperative development activities can be avoided. Therefore, participation in AD projects should be voluntary. In addition, development measures need to start from realistic objectives in order to avoid the risk of losing the trust of beneficiaries in the event that these objectives are not reached.

ASPECTS RELATED TO THE CROP AREAS WHERE AD PROGRAMMES ARE PROMOTED

These last points indicate aspects to be taken into account with respect to the environment and the economic and legal circumstances of crop areas cultivated for the illicit production of drugs where AD programmes are being implemented.

► Land access

The lack of access to sufficient land for alternative crops and the insecurity of land tenure are often crucial factors. Very often, one of the main problems in poppy-, coca- or cannabis-growing areas is the presence of informal and disorganised settlements, due among other factors to migratory flows prompted by a lack of prospects in other regions and the lure of the illicit economy. Therefore, one success factor of AD has been in many cases land-use planning and formal titling. Supporting producers in the registration and formalisation of their properties can promote ownership among communities and farmers. Formalised land rights provide incentives to invest in legal activities in the long term. In addition, in many cases titling has been key to obtaining access to credit.

► Access to markets, development of local markets and non-agricultural sources of income

Producers who receive support through AD projects need to have the ability to access legal markets with their alternative products efficiently, through sustainable value chains. In many cases, local and regional developing markets may be more stable or even more promising than external markets. Therefore, projects should not focus exclusively on export products as an alternative to drug crops. In addition, it is important to consider chains that offer potential for the inclusion of women and men.

Production projects that promote alternatives should cover both agricultural and non-agricultural activities, also taking into consideration aspects of food security in the short and medium term.

Therefore, it is necessary to strengthen commercial links between interested parties both horizontally and vertically. Cooperation between producers should be encouraged and the creation of organisations for alternative producers operating in the same link in the value chain should be promoted (horizontal links).

Likewise, business partnerships among producers need to be strengthened in order to increase their role as strong players in value chains.

► **Local governance**

Local institutions and organisations should be supported and strengthened so that they can effectively support the development process and assume a leadership role in AD strategies. The weakness of the state is a factor in the emergence of illicit economies; therefore, if central governments lack the capacity to perform efficiently at the local level, subnational government bodies become key elements.

It is feasible to extend the powers of these local institutions through capacity-building programmes, among other means.

► **Capacity development and training**

The development of human capacities is fundamental for ensuring the sustainability of AD measures and allowing the transfer of knowledge. Capacity development should be strengthened both at the level of the producers themselves and at the level of associations and cooperatives. Fostering technical agricultural and management skills can lead to better results and improved commercialisation of products.

In most cases, technical support and regular monitoring is key to AD measures, because of the high technical demands as well as the risk that producers will abandon their crops in times of crisis (price drops, pest infestations or diseases, etc.).



6. SUMMARY

The mission of the Cooperation Programme between Latin America, the Caribbean and the European Union on Drugs Policies (COPOLAD II), funded by the European Commission through Europe Aid, is to offer an exchange of good practices and lessons learned for countries in Latin America, the Caribbean and the EU. It aims to promote balanced drugs policies that can be supported by evaluation instruments and strategies that have been proven effective.

Its main objectives are to reduce the demand and supply of drugs and, consequently, to reduce the risks and the damage to society and individual health that drug use generates.

In this context, a study was developed on the institutional capacities for implementing Alternative Development (AD) in Peru, Paraguay and Guatemala, in the area of illicit coca, cannabis and opium poppy cultivation. The study takes advantage of the experience of Peru in this field to generate a frame of reference and recommendations for the other countries, which are beginning to focus their interest on this topic.

Thanks to the experiences of countries such as Peru and of different sectors and researchers, the concept of Alternative Development has evolved from a focus on crop substitution

to a much broader approach, which includes addressing the root of the problem. A powerful lesson learned indicates that prohibition and eradication are not sustainable solutions if people are not offered the possibility of entering a different economy. Therefore, support is necessary to change their products and take them into markets that work sufficiently well to guarantee a stable long-term income. The more we think big, moving from the local to the regional and national, and even the international, the greater the possibilities of development and the stronger

A powerful lesson learned indicates that prohibition and eradication are not sustainable solutions if people are not offered the possibility of entering another economy that ensures long-term stable income.

the networks, benefitting a greater number of families.

However, there are no universal formulas for implementing AD in the regions in a coordinated manner, involving the relevant

organisations and actors. It is necessary to develop capacities in the institutions responsible for development, so that they have the knowledge and the ability to propose changes in areas where illicit economies operate. These capacities depend, among other things, on factors such as:



i INFORMATION

It is necessary to know what is happening in the country in terms of the dynamism of illicit rural drug economies and subsistence mechanisms at the local level. Having an up-to-date overview of how well the affected population's livelihoods are working allows us to plan effective and sustainable interventions based on evidence. Furthermore, each region has its own particularities and different ways of life. Understanding these particularities is essential for making decisions about the most suitable way to design the best possible intervention strategy.

📊 BUDGET

A budget is needed to leverage AD processes and for adequate staffing. Strengthening institutions responsible for implementing AD, including farmers' associations, public bodies at the local level, the private sector and civil society, requires establishing long-term strategies and clear development objectives that can demonstrate the value of their work and the need to invest in the development of the country. In addition, it should be taken into account that transformation processes towards legal economies are slow and require long-term support.

📶 COORDINATION AND COMMUNICATION

Leading the implementation of AD in a country is not a solitary activity undertaken by one actor. It is, rather, the result of this actor's initiative and ability to convene different sectors, including government (for example, ministries and public bodies), NGOs, the private and academic sectors and international cooperation. The responsible institution has to demonstrate the ability to build bridges between these actors, with their different skills and abilities, and coordinate them to achieve shared benefits, both for the mission

and interests of each of these actors as well as for the welfare of the population.

Although, as already discussed, the specificity of each region should be taken into account, there is great value in taking advantage of the opportunity to draw on the experience of other countries to avoid making mistakes or falling into situations that have already been foreseen or overcome by others. A successful experience from elsewhere, or a combination of different accounts, can serve as a useful starting point for the AD process. Consequently, it is essential to share lessons learned in order to initiate AD processes and start working towards successful implementation from an advantageous position.

6. SUMMARY



In **Peru**, the factors mentioned above have a significant presence in the experience of implementing what is known internally as Sustainable Holistic Alternative Development (DAIS), whose implementation by the National Commission for Development and Life Without Drugs (DEVIDA) has made substantial achievements for the country.

Based on a conception of AD as a stimulus for territorial development, agricultural production is considered (without neglecting care for ecosystems) as a key work stream and something to be supported as an input to stable value chains at national and international level. Over time, successful support for these processes has been achieved, although not yet on a very large scale.

The results so far are promising and with prospects of working on a larger scale thanks to the trust that the institution has earned and to the potential for reaching greater achievements through diversification.



Paraguay is currently preparing to embark on AD.

The institution in charge (the National Anti-Drug Secretariat, SENAD, which reports directly to the Presidency) has experience in drug policy and human resources and is ready to take the leap.

However, it needs to strengthen its capacities in the three areas discussed, especially in terms of increasing the quality of the information it possesses at the institutional level.

The mapping of cultivation areas and illicit production networks is a prerequisite in order to develop a strategic plan for implementing AD and having the power to rally other national and international actors, governmental or otherwise, as allies in this journey.



Guatemala is also in the process of approaching Alternative Development as an option for territorial development. Indeed, its vision of a form of AD focused on Holistic Rural Development that addresses the basic needs of the population affected by the illicit economy coexists with a larger-scale, more modernist perspective. This perspective envisions coordination with international markets connected to regions of the country that, for the moment, are dominated by illicit economies.

The Commission Against Addictions and Illicit Drug Trafficking of the Vice Presidency of the Republic, CCATID, through the experience of its Executive Secretariat, SECCATID, chooses which path to take depending, among others things, on whether it can obtain reliable and updated information on how the processes of the illicit economy are actually functioning in the regions. It then takes on the task, calling on the help of all possible national and international development actors. In this way, it will be possible to formulate an AD tailored to the needs of the country.



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