

GDPO Situation Analysis

July 2014

A Change of Heart? The Peruvian Government Adopts Alternative Development

Subject

In early 2014, coming off the back of record levels of illicit crops destroyed over the previous year, the Peruvian government announced that it would be increasing eradication targets for the forthcoming year by around 30%. Assisted by significant funding from Washington D.C., the plan included a militarised eradication offensive in a region where Shining Path insurgents were present – the Apurimac and Ene river valley, sometimes referred to by the Spanish acronym VRAE (see map below) – and where, the government says, just over half of Peru’s cocaine is produced. The programme ran for five months. Then, in a surprise move, the country’s drug czar was fired and replaced by a former defence minister, and the President, Ollanta Humala, made a televised appearance to declare the suspension of forced eradication operations in the region. Crop destruction would continue elsewhere, he said, but in the Apurimac and Ene river valley the government would instead rely, for now, on alternative development programmes.

The change in personnel and the temporary suspension of eradication do not seem to be indicative of a fundamental change of direction. The government approach remains predominantly prohibition-oriented and militarised, and counter-insurgency considerations - the threat of violence and of pushing local peasants towards the Shining Path guerillas – seems to be behind the decision to opt for alternative development over forced eradication. While preferable to eradication, drug crop focused alternative development has numerous problems and cannot be substituted for what is desperately needed in these marginalised and impoverished areas of the country: genuine economic development.

Significance

As of 2012 Peru is considered to have surpassed Colombia and assumed the top spot as the country with the largest area of land devoted to coca crop cultivation. It is also a bastion of the US-supported drug policy model; US counter-narcotics aid doubled in 2013 to \$100 million and now constitutes half of all US aid to the Peruvian government. In regional debates, while other countries are considering a shift away from a history of destructive drug policies, Peru has often played a spoiler role and acted as a proxy for US policies within the Organization of American States.

Peru is a textbook case of the ‘balloon effect’: cocaine production shifted from Peru and Bolivia to Colombia in the late 1980s following eradication operations, and a crackdown in Colombia has since moved production back again. A militarised and punitive approach to drugs combined with an exclusionary economic agenda means the conditions conducive to drug production have not been corrected in the interim.

Analysis

On coming to office in 2011, President Ollanta Humala declared that eradication would be scaled back and development would become the crux of drug policy. The appointment in August 2011 of lawyer and progressive drug policy analyst Ricardo Soberon as the new head of DEVIDA (the National Commission for Development and a Drug-Free Life) was considered an important step towards a more progressive and effective drug policy in Peru. Soberon had been critical of the historic focus on coca crop eradication and the US approach to drug cultivation in the country - on assuming his role he put in place a pause on eradication in the Alto Huallaga region while the policy was being evaluated – and had argued for a greater focus on traffickers, on money laundering, and on the import of precursor chemicals.¹ Drug policy in Peru has for decades revolved around supply reduction efforts - forced eradication - and punitive prohibition.² While the policies have served to strengthen local security forces, they have, as elsewhere, been an abject failure in respect to drug production. Between 2000 and 2010, for example, the area under cultivation in Peru rose by 50%, even as eradication efforts doubled.³ Soberon argued that poor farmers should not be the primary targets of operations. He wanted greater support, including foreign funding, for alternative development initiatives.

In January 2012, just 5 months into the post, Soberon resigned under pressure from inside the administration, which was, it appears, being leaned on by the United States. The issue of forced eradication was apparently the area of contention. Soberon was replaced by Carmen Masias, a psychologist with experience working on drug use issues, and a supporter of eradication. Hopes of a progressive turn in Peruvian drug policy were dashed. The move was part of a tendency by Humala to gradually shift away from the progressive agenda he rode to office. A five year National Strategy to Combat Drugs, which Soberon had a hand in drafting, was confirmed a month after his resignation. The new Strategy advocated a more progressive and holistic approach than anything seen in the past. Alternative development, in particular, was to play a larger part than ever before. The Strategy, the government said, would seek to reduce the area of land devoted to coca cultivation by 20% while improving the living standards of the population in coca producing regions.

But the focus has remained on eradication and the words of the Strategy haven't been fully translated into action. Plans to eradicate 14,000 hectares of coca fields in 2012, 4,000 more than the previous year, were announced by the Interior Minister soon after Soberon's departure. The number of hectares devoted to coca reportedly fell by just over 3% by the end of the year. In 2013, the reduction was reportedly around 17%. The UN noted at the time, "This is the most remarkable reduction rate achieved in the last 14 years, mainly because of significant public investment and the presence of Government entities in the main areas of coca crop cultivation and drug trafficking, eradication actions, and the consolidation and enhancement of alternative development efforts in many



The box shows the Apurimac and Ene river valley, sometimes referred to by the Spanish acronym VRAE

- 1 Al Jazeera, *Peru Suspends Coca Eradication Programme*, 18 August 2011 – <http://www.aljazeera.com/news/americas/2011/08/201181843919238618.html>
- 2 For an overview see: Drug Law Reform, *Overview of drug laws and legislative trends in Peru* – <http://druglawreform.info/en/country-information/peru/item/207-peru>
- 3 For discussion see: Hannah Stone, *Back to Business as Usual as Peru Loses Progressive Drug Czar*, Insight Crime, 15 January 2012 – <http://www.insightcrime.org/news-analysis/back-to-business-as-usual-as-peru-loses-progressive-drug-czar>

parts of the country”.⁴ The figures should be treated with caution, however. A decrease in hectares cultivated, particularly over just one year, does not imply a reduction in supply – producers can become more efficient – neither can it be called a genuine success given the continuation of the fundamental conditions impelling cultivation and trafficking. Worldwide cocaine demand is reported to be rising and prices have remained unaffected.

In June 2014 the announcement came that forced eradication in the Apurimac and Ene river valley would be stopped. Alternative development would be initiated instead, eradication would have to be voluntary, and the target amount of crop to be destroyed was reduced from 15,000 to 5,000 hectares. Despite the announcement of the policy change in this regions, total eradication goals have not changed: the government is planning to increase forced eradication operations elsewhere, most likely in the border areas with Brazil.

The coca-producing region of the Apurimac and Ene river valley is home to an insurgent presence. In the past, eradication campaigns have led to protests in areas where the destruction of coca crops means forcing people into destitution, and a new eradication offensive, the government knew, was likely to produce a violent backlash from farmers. When the planned operation in the Apurimac and Ene river valley was announced, high-ranking members of the military stated their opposition on grounds that eradication could drive people to sympathise with the guerillas. Once the stop on eradication was declared, the Interior Minister claimed a motivating factor had been information that the Shining Path guerillas, who tax coca production, had offered to assist farmers in resisting eradication. It is important to recognise that it was the possibility of violent confrontations and strengthening of the Shining Path that appear to be the main motivators in the decision to offer a more humane form of counter-narcotics policy. Ironically, Soberon had argued for alternative development in the Apurimac and Ene river valley in the hope of converting the area into an important agricultural production centre.

Concerns

The government’s economic model is not being discussed in the context of the decision to switch to alternative development, but it is at the heart of the issue. The Apurimac and Ene river valley region is extremely poor; in Apurimac, 55.5% of the population lives below the poverty line and around 30% suffer from chronic malnutrition.⁵ (When the government recently dynamited a number of the regions clandestine airstrips, the local population was reportedly pleased because rebuilding them would guarantee some employment for the next few days.)⁶ A report by the Council on Hemispheric Affairs notes, “the neoliberal economic model adopted by the Peruvian government, which relies on mineral exports, prevents the rural contingency of the population access to economic prosperity.”⁷ The usual symptoms are evident: severe wealth inequality, concentration of wealth in urban areas, and an economy skewed to serve the resource extraction industry, monocrop agriculture, and foreign investment. As in other countries in the region, the government is prioritising large-scale monocrop cultivation for export to the detriment of local agricultural production. The result is volatility in traditional crop values and, in remote areas, coca has represented a stable and profitable alternative.

Alternative development is an improvement on forced eradication, and there have been successes in certain regions where growers have been convinced, under threat of eradication, to switch to legitimate crops. But in light of the economic context it remains a short-term policy. The way it has been implemented in the past is also problematic. A report from the Transnational Institute notes, “The supposed world consensus on principles to guide Alternative Development projects appear to be far removed from the reality of the Upper Huallaga Valley, the very zone were Peru’s supposedly exemplary

4 UNODC, *Peru; Monitoreo de Cultivos de Coca 2013*, 11 June 2014 – http://www.unodc.org/documents/crop-monitoring/Peru/Peru_Monitoreo_de_cultivos_de_coca_2013_web.pdf

5 Enrique Vásquez Huamán, *Las políticas y programas sociales del gobierno de Ollanta Humala desde la perspectiva de la pobreza multidimensional*, Universidad del Pacífico, October 2013 – <http://www.up.edu.pe/ciup/Documentos/Las%20políticas%20y%20programas%20sociales%20del%20gobierno%20de%20Ollanta%20Humala%20desde%20la%20perspectiva%20de%20la%20pobreza%20multidimensional.pdf>

6 Gustavo Gorriti, *Insensatez en el VRAE*, IDL-Reporteros, 20 March 2014 – <http://idl-reporteros.pe/2014/03/20/columna-de-reporteros-168/>

7 Margaret Boland, *Corporate Conquistadores: Peru’s Mineral Extraction Industry Boosts Economy While Rural Poor Continue to Suffer*, Council on Hemispheric Affairs, July 2013 – <http://www.coha.org/corporate-conquistadores-perus-mineral-extraction-industry-boosts-economy-while-rural-poor-continue-to-suffer/>

model for Alternative Development is being implemented.”⁸ Eradication attempts in this extremely poor area have previously led to resistance. Alternative development programmes, TNI found, did not reach many farmers and those who were affected were encouraged to engage in monocrop cultivation in a biologically diverse area, “resulting in severe environmental impacts.” Under these conditions, a farmer’s success “relies on large-scale production for export in an area that is not apt for this kind of farming due to its ecological fragility and soil quality.” Alternative development was, therefore, used to simply absorb farmers into the prevailing economic model. “The programmes are unsustainable over time,” the report adds, “because they depend on international demand and prices of the products it promotes: cacao, coffee, palm heart, palm oil and sugar cane.” Moreover, in one region studied, “the Alternative Development projects add to the already existing corruption among all social actors involved and do not contribute to the decline of the cocaine industry, but only have driven the cocaine industry more underground.” It seems the aim has been to reach quotas - to show participation in the scheme – rather than generate any fundamental economic progress. The report concludes, “The fact is that millions of dollars per year are spent on projects that don’t bring sustainable development to the region.”

Indications are, therefore, that alternative development in the Apurimac and Ene river valley will only have a superficial impact. A change in economic model along with sustainable investment in the region is required. But the preference so far, with US-funding, has been towards enforcement and militarisation. The police forces have been expanded in remote areas of insurgent presence, and the Peruvian congress has recently debated increasing the role of the army in counter-narcotics operations. Such developments run directly counter to the wording of the National Strategy to Combat Drugs. If militarisation were to increase in the valley and the army were to take over from the police it is highly likely we will see the further conflation of counter-narcotics and counter-insurgency which is practically ubiquitous where such conditions exist.

The massive US counter-narcotics funding, supplemented by just over \$40 million from the European Union, is no doubt influencing the direction of Peruvian drug policy. The standard outcomes should be expected unless a fundamental shift is made in the government’s attitude towards the poorest and most marginalised areas of the country.

8 Mirella van Dun, Hugo Cabieses Cubas and Pien Metaal, *Between Reality and Abstraction; Guiding Principles and developing alternatives for illicit crop producing regions in Peru*, Transnational Institute, January 2013 – http://www.tni.org/sites/www.tni.org/files/download/brief39_0.pdf

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