

Conflicting Agendas: The Politics of Development Aid in Drug-Producing Areas

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When international development policy prioritises goals determined by the donor's domestic policy concerns, aid agencies not only fail in their development objectives but can also generate conflict in the recipient country. In the Bolivian Chapare, where the United States is driven by the need to demonstrate success in controlling cocaine production, policies to eradicate coca leaf have led to programmes with limited development impact that increase conflict both locally and nationally. In contrast, the European Union's successful collaboration with local governments which began in 1998 provides insights into generating sustainable development and de-escalating conflict in drug-producing regions worldwide.

'Alternative Development projects are sown at a table, cultivated on a blackboard, harvested on a computer and sold in publicity campaigns on radio and television.' Azucena Vermandi, coca grower from the Monzon Valley in Peru (*Noticias Aliadas*, 2004)

1 Introduction

Since the attacks on the United States on 11 September 2001, the United States Agency for International Development (USAID) has added 'conflict vulnerability assessments' to the requirements its missions around the world must complete when they enter a new budgetary cycle. While these assessments focus on conflicts internal to the countries where USAID operates, they ignore the role US policies can play in exacerbating or generating conflict. Where US domestic policy agendas trump policy objectives promoting sustainable local development and democracy, the domestic agenda can actually sabotage stated foreign policy goals. As a consequence, not only does economic development fail but USAID's commitment to strengthening local democracy and stability is compromised.

Since the 1980s, in the Bolivian coca-growing Chapare, US policy has aimed simultaneously to eliminate the production of coca destined for cocaine and to develop economic alternatives for coca growers. While all agree that coca eradication will fail without economic alternatives, USAID has excluded local community leaders from participating in development planning. US official financial and technical support for forced eradication by police and military forces has led to human rights abuses and

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contributed to widespread mistrust and suspicion of USAID's economic development projects (Human Rights Watch, 1996; Ledebur, 2002). The European Union's approach has differed significantly, as the EU has collaborated with local governments controlled by the coca-growers' union since 1998. Its experience offers ideas for how collaboration with local communities in drug-producing regions can lead to sustainable development and assist in the long-term goal of reducing drug-related agricultural production.

This article begins by introducing the Chapare and its history of Alternative Development. It then looks at the US model of Alternative Development and the growth of opposition to coca eradication. It notes how this opposition has been strengthened by a national administrative decentralisation programme that has given new powers to local governments. It then compares European Union projects with those supported by USAID. Finally it suggests that USAID might have greater success in achieving its agendas if it collaborated with, rather than fought against, democratically elected local officials.

2 The coca boom in the Chapare

The Chapare, also called the Tropics of Cochabamba, lies in the Bolivian department¹ of Cochabamba. It includes four provinces (or counties), Carrasco, Tiraque, Chapare and part of Ayopaya, encompassing 3,379,000 hectares of which only 410,000 are suitable for cultivation, as soils are generally poor. Its ecosystem is classified as semi-tropical to tropical and generally considered fragile, with significant biological diversity and high annual rainfall. Forest covers most of the land (Viceministerio de Desarrollo Alternativo, 1999).

Coca production and its subsequent processing into cocaine or coca paste or base (unrefined cocaine) dominate the Chapare, which until 1999 produced 85% of Bolivia's coca leaf and made the country the third largest coca producer in the world after Peru and Colombia.² Before the 1950s, the majority of the Chapare's population were indigenous nomads, who, despite the efforts of Roman Catholic and other missionary groups to settle them forcibly into villages, maintained much of their traditional way of life.

After the 1953 agrarian reform gave many of the country's indigenous rural majority title to small parcels of land in the densely populated highlands, the government promoted the colonisation of the lowlands to relieve population pressure. This began in the 1960s in the Chapare, leading to the first significant wave of *campesino*³ migration, establishing an agricultural production system characterised by small landholdings, mostly under manual production, and a family-based labour force. As the land and climate were suitable for the hardy coca bush, whose medicinal and magical use has been part of indigenous culture in Bolivia for thousands of years,

1. Bolivia has nine departments which are the equivalent of states in the US or provinces in Canada.

2. For an overview of the drug trade see Hargreaves (1992) and Thoumi (2004). For information specific to Bolivia see Painter (1994) and Léons and Sanabria (1997).

3. *Campesinos* are literally people who live in the countryside. The word is commonly translated as peasants, which is incomplete in Bolivia's case as the word *campesino* also implies indigenous (Hahn, 1992). The vast majority of Bolivian *campesinos* are from Quechua, Aymara, or Guaraní ethnic or linguistic groups (Albó et al., 1990).

colonisers planted it along with other largely subsistence crops. By 1967, the population of the Chapare had grown to 27,000 (Riley, 1996: 110).

The coca boom in Bolivia began in the 1980s as demand for cocaine increased in northern countries, particularly the United States. The most brutal military dictatorship in Bolivia's modern history (under Garcia Meza from 1980 to 1982) was closely linked to the burgeoning drug trade, and controlled the export of semi-refined cocaine paste to Colombia, where it was processed and exported northward. In 1971, coca made up 25% of the Chapare's agricultural production; by 1985, it had skyrocketed to 66% (Riley, 1996: 110). Coca produces four harvests a year, making it very easy to grow. Its relatively high value to weight ratio is also a plus in an area where farmers have to carry most crops to the road. With little understanding of cocaine and its effects, impoverished *campesinos* responded to growing northern demand by increasing production, and the leaf quickly became the most lucrative cash crop available. To date, few *campesinos* have become involved in more lucrative and riskier cocaine processing or transport activities.

The spiralling international demand for cocaine came at a time of political and economic crisis in Bolivia. Hyperinflation, severe drought, and the adoption of neoliberal structural adjustment programmes (SAPs) that closed state tin mines in 1985, all created a desperate situation for thousands of Bolivia's poorest people (Klein, 1992). The national economic crisis paralleled a land crisis in the valleys and highlands, where most rural Bolivians live. The small holdings created in 1953 had been divided among one or two generations and by the mid-1980s many parcels amounted to less than a quarter of a hectare. In addition, in the 1980s prices for national agricultural products, which accounted for 70% of the nation's food, plummeted when neoliberal policies opened the country's borders to cheaper imports. *Campesinos* and miners, drawn by the greater opportunities for survival, went to the Chapare to grow coca. By 1983, the Chapare population had grown to 142,000, peaking in 1989 at between 215,000 and 350,000 inhabitants (Painter, 1994: 16). Currently the population is estimated at 150,000 (CONCADE, 2003).

The coca-cocaine economy became central to the country's ability to weather the worst of the crisis provoked by structural adjustment. At its peak during the late 1980s and early 1990s, production was estimated to equal the legal export economy in size – between US\$450 million and US\$635 million or 4-6% of GDP (Painter, 1994: 49). The Cochabamba department's regional economy was dependent on coca/cocaine, with important multiplier effects, the most obvious being the boom in luxury housing construction in the cities of Cochabamba and Santa Cruz, generating an architectural style we call narco-baroque.

While larger than the land holdings in highland Bolivia, the average 10.5 hectare Chapare farm is minimal at best for family survival, given the combination of fragile soils and limited agricultural technology. On average, families cultivate less than 3 ha (Cardoza et al., 1999: 182). Apart from coca, the principal crops are rice, bananas, and citrus fruits. Many families also have a few cattle or chickens. Over 50% of the Chapare is classified as primary forest, but indiscriminate and unsustainable logging of the most valuable species, along with slash-and-burn agricultural practices by recent migrants, is leaving behind devastated areas, especially close to the major roads (UNDCP, 2004).

Living conditions are poor for the vast majority of the Chapare's inhabitants, although, because of coca income and international aid, they are better than in other

rural areas in the country. A 1998 study in one part of the Chapare revealed that life expectancy averages 56 years, average annual income per capita is approximately US \$560, infant mortality averages 100 per 1000 live births and literacy for those fifteen and older averages 77%. While most residents own their own homes, the majority of houses contain an average of seven people in two rooms with dirt floors (CIDES, 2001).

Since the government's presence in the region during the 1960s, 1970s and early 1980s was virtually non-existent, *campesino* unions assumed the role of local government, assigning land, resolving disputes and undertaking community projects, such as building schools or roads (Recasens, 1996: 168). As a result, six powerful *campesino* federations of the Cochabamba Tropics now represent approximately 45,000 families organised into almost 700 local unions (Mancomunidad del Trópico de Cochabamba, 2002). Since 1996, women in the Chapare have been organised into the Coordination Commission of the Six Federations of Women of the Tropics of Cochabamba (CCFNTC) (Potter, 2002: 23).⁴ Both the men's and the women's federations have consistently opposed coca eradication policies and are organisationally and ideologically linked to national worker and peasant organisations.

3 History of 'Alternative Development' in the Chapare

The US government began its first efforts to control coca-cocaine in the late 1970s, but these were dropped during the Garcia Meza dictatorship, to resume after 1982 when the country returned to civilian rule. USAID/Bolivia has financed four major projects since then. Reliable figures on the extent of this funding are hard to find: the US Government Accounting Office (GAO) estimates that a total of US\$229 million has been spent by USAID since the beginning of the 1980s (GAO, 2002: 6), the *Wall Street Journal* puts the figure at US\$270 million (Lifsher, 2003), and Bolivian government publications state that US\$310 million will have been spent by 2004 (Aranibar and Alarcón, 2002).

Early USAID/Bolivia-financed Alternative Development programmes sought to substitute the coca-cocaine economy directly with other crops, but both USAID and the Bolivian government were aware that no other crop could directly compete with coca (Painter, 1994: 107). Between 1983 and 1992, the Chapare Regional Development Project (CRDP) spent over half its budget, with little success, to curb migration from the high Cochabamba valleys that provided the labour necessary for coca cultivation (Potter, 2002: 35). Beginning in 1994, the focus of the new programme, the Cochabamba Regional Development Project (CORDEP) in what had come to be called 'Alternative Development', shifted to concentrate almost entirely on the Chapare, where the programme focused on five agricultural crops (Viceministerio de Desarrollo Alternativo, 1999). US Alternative Development programmes have always been conditioned on coca eradication, either at the individual or at the community level, and conditionality is generally perceived by US policy-makers as the key for successful eradication programmes (USAID, 2003: 5). Another fundamental characteristic of USAID programmes is that they have consistently demonised the Chapare's *campesino* unions. Contrary to generally accepted dictates of good development practice, USAID

4. Like *campesino* unions in other parts of Bolivia, the male head of the family is normally considered the formal union member.

has ignored and undermined the representatives of the coca growers, some of whom now sit in the Bolivian Congress.

The bulk of US funding in the Chapare is not directed at the ‘carrot’ of Alternative Development, but rather finances the ‘stick’ provided by special police and military units which fight the coca/cocaine trade. While ostensibly aimed at the *peces gordos* (big fish) of this trade, much of the military and/or police action is directed at coca-growing families, resulting in human rights abuses and harassment (Human Rights Watch, 1996; Kohl and Farthing, 2001; Ledebur, 2003; Petersson and Mackay, 1993). This policy is backed up by Law 1008 adopted in 1988 which has led to the incarceration of *campesinos* for up to three years without trial (Farthing, 1997). The almost constant conflict makes development programmes difficult, because coca-growing families are unlikely to differentiate between the goals of US-funded military and police actions and US-funded development programmes. In fact, this distinction is rarely made by the US itself; almost every government document makes it clear that coca eradication, not economic development, is the primary goal of all programmes in the Chapare (see, for example, GAO, 2002; USAID, 2003).

For most of the eighteen-year history of USAID/Bolivia’s Alternative Development, it has been perceived as a failure by coca growers and many outside observers (Painter, 1994; Potter, 2002). Criticisms centre on the absence of markets for alternative crops, the lack of adequate technical assistance, poor inter-agency co-ordination, the conditions placed on participation, and the failure to involve coca growers and their leaders in programme design and implementation. Coca grower frustration and distrust are reinforced when they see Bolivian professionals earning in a month what *campesinos* earn in a year, accompanied by US supervisors paid four times more again, racing back and forth in new jeeps from the Chapare to offices in one of Cochabamba’s most luxurious office buildings. This distrust is further compounded when agreements between the six federations of coca grower unions and the Bolivian government regarding Alternative Development are regularly ignored. The US embassy complicates matters further, as it frequently insists that the government take a hard line against any compromises with the growers. In response, the growers insist that they should negotiate directly with the US embassy, who they argue has the real decision-making power in the Chapare (AIN, 2003).

4 Eradication and resistance

Plan Dignidad (the Plan for Dignity), instituted by the Banzer government in 1997 with full US support, succeeded in eradicating 45,000 hectares of coca – virtually all the production from the Chapare – by 2000. Touted by US officials as a huge victory in the ‘War on Drugs’, the military carried out forced eradication, which led to increased repression and human rights violations against growers (Ledebur, 2002).

USAID’s economic development programmes failed to keep pace with the forced eradication, placing 45,000 to 50,000 families in the Chapare in severe economic crisis (GAO, 2002). Compensation promised for giving up coca production was provided to only 25% of those eligible (Potter, 2002). The Chapare human rights ombudsman reported increased malnutrition and prostitution in the zone (Reinicke, 2003). Total eradication proved temporary in any case; by 2002, US Ambassador David Greenlee estimated that coca production in the Chapare had increased by 30% during the previous

year (AIN, 2003). Eradication continued, however, and in both 2001 and 2002 the Bolivian government destroyed a total of 17,000 hectares of coca (USAID, 2003).

The eradication of the Chapare's coca has had severe economic effects in the department of Cochabamba and the country as a whole, fuelling opposition to all US-backed policies in Bolivia, including the economic liberalisation policies which have sought to achieve the privatisation of basic services and natural resources. The well organised coca-growing *campesinos* have become the most powerful popular social force in the country. Their political party, the MAS (*Movimiento al Socialismo* – Movement towards Socialism), consolidated in 1998, won over 80% of Chapare votes in the 1999 municipal elections. In 2002, support for the MAS spread to *campesino* communities and poor urban areas throughout the country, and the party won almost a quarter of the seats in Congress, coming in a close second in the Presidential elections. Coca-grower unions played a key role in forcing the President to resign in October 2003 during protests over the sale of natural gas reserves to a multinational corporation (Rother, 2003).

5 Administrative decentralisation: the law of popular participation

Bolivia's Law of Popular Participation (LPP), adopted in 1994 as part of an ambitious decentralisation and privatisation programme called *el Plan de Todos* (the Plan for Everyone), grew out of a long effort to shift resources to long neglected rural communities (Molina Monasterios, 1997; Urioste, 2002). The LPP assigned 20% of national tax revenues to municipal governments, along with responsibility for the maintenance and construction of schools, health clinics, secondary roads, micro-irrigation systems, and sports facilities. It mandated both participatory planning and fiscal oversight by neighbourhood and indigenous organisations. Seventy-one *Mancomunidades*, groups of municipalities united to co-ordinate on regional issues, have been formed, although criteria for their formation, management and role are not found in the original law (DDCP Project, 2003).

The designers of the LPP assumed that effective participatory planning would be embodied at the municipal level in five-year Municipal Development Plans (MDPs) broken down into Annual Operating Plans (AOPs). In practice, AOPs reflect the long-term planning represented by the five-year MDPs only 33% of the time (Antezana, 2003; DDCP Project, 2003). Because government revenue-sharing funds, the most important source of income for most municipalities, have proved highly sensitive to economic changes, municipalities have little ability to do long-term planning (DDCP Project, 2003).

Non-governmental organisations have provided much of the technical support to develop the plans in small municipalities lacking administrative skills (Kohl, 2003a). Aid agencies and international programmes have spent over US\$50 million on training and technical assistance in the past ten years, but this has mostly been directed to short-term programmes, rather than long-term systematic training to create a municipal civil service. Some municipalities have no NGOs working with them; others, especially those close to large urban areas, have ten or more (DDCP Project, 2003).

The LPP's recognition of traditional grassroots organisations (TGOs) including urban neighbourhood organisations, pre-Hispanic indigenous organisations, and modern *campesino* unions, is one of its major accomplishments.⁵ The government registered almost 15,000 TGOs between 1994 and 1997 and gave them responsibility for creating community development plans. The TGOs also assigned local leaders to serve on municipal Oversight Committees (OCs – *Comités de Vigilancia*) that were to ensure that municipal budgets were fairly distributed between urban and rural sectors, and more important, to reduce corruption at the municipal level by signing off on budgets. Experience to date shows that where local organisations are strong and/or are backed by NGOs able to provide technical expertise while supporting grassroots leadership, the LPP has, to a limited degree, functioned as hoped (Kohl, 2003b).

However, consistent with decentralisation elsewhere in the world, the LPP has yet to create transparent, efficient local governments, as the accusations of corruption and financial mismanagement in two-thirds of the municipalities demonstrate (Ayo, 2003; Oyugi, 2000). Other difficulties include: internal squabbles between government officials, often along party lines; problems with the legal recognition of elected authorities; excessive and unrealistic expectations of the LPP; and conflicts between popular participation and traditional community decision-making systems (Beckett, 2003). In some municipalities, communities distant from the municipal seat get little attention while the mayors located in the principal town decide far too much (Ayo, 2003). The OCs have been described as demonstrating 'a mediocre performance due to resource scarcity, lack of technical expertise, a tendency to concentrate tasks onto the OC President, or overadherence to central political power' (DDCP Project, 2003).

Most municipal investment has gone to health, education, sanitation and urban infrastructure, with less than 3% assigned to productive activities (DDCP Project, 2003). While economic development was never an explicit goal of the LPP, it was implied that, by improving rural infrastructure, economic growth would follow. Some promoters of the LPP have argued that, in a country as poor as Bolivia, the municipality should play an explicit economic role as a 'productive municipality' (Antezana, 2003). Others reject this as impractical or impossible, given funding limitations (Hoffman, 2003) and the lack of relationships between the municipality and the private sector (Ayo, 2003).

6 Administrative decentralisation and popular participation in the Chapare

When the LPP gave coca growers a reason to participate in formal government structures for the first time, they won elections in the three municipalities of Villa Tunari, Puerto Villarroel and Chimoré and the two sub-municipalities of Shinahoata and Entre Rios.⁶ The newly elected municipal governments contracted with NGOs

5. See Platt (1982, 1999) and Albó et al. (1990) for a discussion of these and other indigenous forms of organisation.

6. Reflecting a disturbing nationwide trend to fragment municipalities in order to press for a greater share of funding, Entre Rios was slated to become its own independent municipality in 2004, to be called Bulo Bulo after the major town in its area. 84 requests for such subdivision of municipalities are currently under consideration by the Bolivian Congress (Ayo, 2003). Some see this trend as a threat to the development of strong local government, as smaller municipalities have fewer human and economic resources.

sympathetic to coca-grower concerns to elaborate their first five-year Municipal Development Plans (MDPs) in 1995. Between 1999 and 2004, the municipalities wrote new five-year plans. In marked contrast to USAID/Bolivia documents for the Chapare, which focus on coca eradication, the MDPs take an integrated approach to human and economic development. For example, the 2002-7 PDM for Villa Tunari identifies nine principal problems: a weak productive base, low agricultural productivity, low agricultural investment, undeveloped animal husbandry, poor health coverage, high levels of malnutrition, precarious housing lacking basic services, low educational levels and weak public administration (Villa Tunari, 2002).

In the Chapare, municipal spending has been balanced between projects serving the urban and rural population. Spending has included the construction of classrooms and housing for teachers, building secondary roads, investment in water systems, and the maintenance of urban electrical grids. However, the Chapare municipalities have had no more success than other municipalities in incorporating their MDPs into their AOPs; in Chimoré the AOP includes about 70% of the MDP but this drops to 25% in Puerto Villarroel (Hoffman, 2003). This weakness in planning and project formulation means that municipalities have had difficulties in executing their AOPs and have had to reformulate them during the course of the year (*ibid.*). Felipe Caceres (2003), mayor of Villa Tunari, explained that he would have preferred to see more of the municipal funds directed to productive activities, including working with the private sector, but he needed to respond to the immediate demands of the population instead.

Municipalities used participatory rural appraisal techniques to write their MDPs (Chambers, 1994; CIDES, 1997: 8-9), and relied heavily on community and union leaders to gather information. In Villa Tunari, leaders held workshops at community, district and municipality-wide levels (Antezana, 2003). Planning in the Chapare in general had higher levels of community involvement than in most of the rest of the country, in large part due to the presence of the unified, sophisticated coca-grower unions. While NGO employees played a key role in co-ordinating the studies, union leaders expected the NGOs to transfer specific planning skills to municipal employees. In addition, a degree of horizontal mobility between the municipalities and the NGOs has developed, providing the Chapare with greater access to a skilled labour pool for community planning and development than comparable municipalities in other parts of the country.

In the Chapare, almost all observers agree on the need for independent oversight, as one political party (MAS) controls all but one of the municipal seats and members of OCs are often financially dependent on the municipality. Many of the grassroots representatives on the OCs lack the necessary skills to oversee municipal projects. Instead, unions serve the function of the OC. Because the union leadership chooses the mayor and the president of the OC, some observers see them as co-opted, but note that the union does ensure transparency. Observers agree that the Chapare municipalities function better and more honestly than in any other part of the country (Antezana, 2003; Hoffman, 2003; Reinicke, 2003). The logic of a peasant union, however, differs from that of a budgetary oversight committee, although the actors may not always be aware of the difference (Castro, 2003).

The urban sectors of these largely rural municipalities present the greatest opposition to Chapare mayors. Residents of the towns of Villa Tunari and Chimoré expressed dismay that their municipality had been 'taken over by *campesinos*',

reflecting the traditional disdain of Bolivian town dwellers (*vecinos*) for their rural neighbours (Kohl, 2003b). Like the populations of small towns throughout the country, they resent this flow of funds to rural areas (Reinicke, 2003).

7 The European Union Chapare Assistance Programme: PRAEDAC

In 1998, the European Union programme initiated the *Plan de Apoyo a la Estrategia de Desarrollo Alternativo en el Chapare* (Assistance to the Chapare Alternative Development Strategy Plan – PRAEDAC). Originally conceived as a five-year plan to support land titling, strengthening municipal administrative capacity, natural resources and access to credit, it has recently been extended for an additional two years. The municipal strengthening plan has directed \$5.86 million to the Chapare's newly formed municipalities with no coca-related conditions attached, and is widely considered PRAEDAC's most successful component, functioning at full capacity since 2000. PRAEDAC provides the municipalities with an average of 30% of their funds (Hoffman, 2003).

PRAEDAC is similar in style and staff composition to other bi- and multi-lateral development institutions, with no shortage of well paid international staff, new jeeps and attractive offices. What distinguishes it markedly from USAID/Bolivia, however, is its willingness to work with already established local organisations and offer assistance without demanding coca eradication. Carlos Hoffman, Director of Municipal Programming, explains:

Our approach is radically different from that of the United States. Our attitude is that we will help *campesinos* improve their lives and then they will abandon drugs. Our philosophy is to support popular participation through the municipalities. The government made it very clear that the municipality is the planning unit in the country. USAID carries out projects that the municipality doesn't know anything about, which makes a real planning process absolutely impossible. (ibid.)

The municipalities contract PRAEDAC to execute projects from their MDPs, most commonly the construction of a school, health post or town hall. PRAEDAC also trains the municipalities and the Chapare *Mancomunidad* in all aspects of public administration, including improving the functioning of OCs. This training has paid off: PRAEDAC determined that the municipalities could execute infrastructure projects, independently, beginning in 2004.

8 Current 'Alternative Development' in the Chapare

The Counter-Narcotics Consolidation of Alternative Development Efforts (CONCADE), referred to as USAID's most recent development effort in the Chapare, emphasises (i) agricultural technology transfer, (ii) agribusiness marketing and private sector investment, (iii) strengthening Alternative Development organisations, and (iv) road maintenance. This programme began in 1998 with a five-year total budget of \$110 million, and has since been extended to 2005. Agricultural technology transfer is conducted from the La Jota research station run by the Bolivian government agency

IBTA since the late 1980s. Always considered production- not market-driven, it has been far more successful in producing model alternative crops with its technical expertise than in transferring these skills to Chapare farmers or finding markets for crops. At times, it has had as few as forty extension agents for 45,000 families, and frustrated farmers have dumped crops on its doorstep more than once since the project began (Kohl and Farthing, 2001).

Agricultural marketing and private investment emphasise developing export systems for the Chapare's five main alternative crops – bananas, passion fruit, palm hearts, black pepper and pineapple. With considerable economic support from USAID, several private investors have established agricultural processing facilities just outside the city of Cochabamba. None of the new firms are headquartered in the Chapare, which means that, while they provide some benefits to the Cochabamba region, there is little direct impact on the livelihoods of coca growers (Reinicke, 2003). Export agriculture, in a landlocked country with weak transportation infrastructure and farmers unaccustomed to growing for export, is a difficult proposition at best, and to date it has produced few tangible rewards for most Chapare farmers. In addition, there have been accusations of misappropriation of funds, inadequate accounting practices, and conflicts of interest.⁷

CONCADE's reliance on the private sector for improving the economic circumstances for *campesinos* ignores historic patterns. The private sector in Bolivia has tended, since the founding of the Republic in 1825, to focus on quick profits, given the chronically unstable political and economic environment (Morales, 1992). The GAO called the Bolivian private sector 'weak and cautious' and argued that it 'did not fulfill the role envisioned by USAID in the project design' (GAO, 2002: 29). Because of their strong unions and communal traditions, coca growers are organised along lines that tend to emphasise co-operation rather than competition. While they do not have the skills and knowledge to develop markets for their products, they have long been subject to mistreatment by the wealthy Bolivians who do (Albó et al., 1990).

Because it refuses to work with coca-grower unions, USAID/Bolivia has created alternative organisational structures called Associations. These have generated considerable *campesino* suspicion, in part because this tactic mirrors the various attempts by Bolivian governments since the 1950s to create parallel organisations to control rural populations (Albó et al., 1990). By 2004, USAID/Bolivia had created a total of 413 Associations (Natiello, 2004).

Association members receive technical support to produce the five main alternative Chapare crops, but even politically conservative *campesinos* who oppose the coca unions are not optimistic about the Associations, citing the repeated failures of past Alternative Development programmes (Sotomayor, 2003). Some associations exist on paper only, and many members often maintain their ties with the coca-grower unions, keeping a foot in both camps to minimise their risk (Antezana, 2003; Caceres, 2003;

7. The former director of the Bolivian agency which works in the Chapare, PDAR, is also the owner of the agricultural processor, INDATROP, supported by PDAR. Not only is there an apparent conflict of interest, although USAID insists that the appropriate guidelines were followed, but there are also suggestions of other improprieties. For example, in 2003, a suit was brought against INDATROP by its employees for failure to pay wages (Cascán, 2003).

Potter, 2002: 27).⁸ In other cases, *campesinos* drop out of the Associations but leave their names on the rolls (Reinicke, 2003). USAID's strategy does little to reduce the often counterproductive conflict within communities and among families that Association membership can provoke. Father Eugenio Coter, representative of the Bolivian Bishops' Conference in the Chapare, observed:

The faulty design of Alternative Development projects constantly provokes conflict and confrontation between coca growers and Associations. Any gain in Alternative Development is perceived as a loss for the union movement. With this structure no progress is possible. (AIN, 2003)

The one exception to USAID's rejection of working with the Chapare municipalities has been CONCADE's road maintenance programme, which began in 2002 with Villa Tunari and Chimoré municipalities. The programme has been highly successful to date, and the Villa Tunari municipality is pleased with the results, even though there was a widespread initial reluctance to participate, as the *campesinos* believed that the programme would somehow be tied to forced eradication (Caceres, 2003; Sotomayor, 2003).

Measuring the success of current Alternative Development programmes is problematic because figures are so unreliable. For example, in 2001, CONCADE declared that its Alternative Development programmes had reached 17,864 families. The Department of State's 2001 International Narcotics Control Strategy Report claimed 16,127 beneficiaries. In late November 2001, the Bolivian Viceminister of Alternative Development declared that all programmes (including those *not* funded by the US) had reached 12,000 families. Bolivian press accounts generally estimate 10,000 families. Finally, a 2002 General Accounting Office report claimed 7,300 beneficiaries. While observers agree that in recent years Alternative Development has improved, they still say that only about 10% of the money is bringing benefits to the local population (Antezana, 2003; Hoffman, 2003; Reinicke, 2003).

9 USAID/Bolivia and municipalities

In 2004, the US\$25 million USAID/Bolivia has targeted for Alternative Development in the Chapare dwarfed the US\$6.8 million combined budgets of the five Chapare municipalities and sub-municipalities. Felipe Caceres, mayor of Villa Tunari, insists that 'in eight years, with one-fourth of the money, the municipalities have achieved ten times what AID has accomplished in twenty years' (Caceres, 2003).

USAID/Bolivia, which works with 84 other municipalities all over Bolivia, has resisted working with Chapare municipalities, even though the municipal governments are the designated planning unit (Ayo, July 2003). Despite steadily increasing coca production in the Yungas coca-growing region, USAID has not developed an Alternative Development programme there but has operated programmes through its contractors such as Democratic Development and Citizen Participation (DDCP) and

8. With 86% of the Chapare population voting for MAS, it is clear that not only Association members support the party, but so also do townspeople and even local police forces (Coca, 2003). Many observers note that there is scarcely a *campesino* in the Chapare who has not participated in USAID Alternative Development at some time or other.

Economic Opportunities. These have trained municipal governments and supported 56 projects including building potable water systems, funding college scholarships, and strengthening coffee production.

USAID/Bolivia's antipathy to the Chapare municipalities is reflected in the pressure it has applied on PRAEDAC to work through their Associations and not through the municipalities (Hoffman, 2003). Municipal officials resent the lack of coordination by USAID and argue that, as the democratically elected municipal representatives charged with planning, they should play a key role in determining development priorities (Caceres, 2003).

Despite ongoing concerns, the coca growers are ready to work with USAID. Villa Tunari's mayor, Felipe Caceres, explains:

It would be wonderful if AID operated through the municipalities like it is supposed to under Bolivian law. The road maintenance work has been a great success so far. I have seen more flexibility lately – we are beginning to have meetings with DAI [Development Alternatives Inc. – USAID's principal contractor] to discuss how they can work with us more directly. They have offered us \$50,000 for an education project – with us contributing 25%. This is the first time in twenty years that there is a positive change. It would be great to work with them like we work with PRAEDAC – without conditionality. If 100% of Alternative Development funds came through the municipality on the basis of a planning process in which the *campesinos* themselves decide the destination of the funds, I can assure you, excess coca would disappear. Most *cocaleros* don't understand drug trafficking and don't want to have anything to do with it, but they don't want to eradicate the little that they have because they can't afford to lose this income. If there are real alternatives, the Federations will welcome them. My whole life has been involved in this, and this awful situation has to change. I really want something else for my children. (ibid.)

10 Conclusions

Throughout its history Alternative Development has been a political tool in the 'War on Drugs', not an economic development programme. It has attempted to put a human face on a frequently brutal policy to try to separate *campesinos* from their livelihood without providing viable alternatives. The United States' consistent and often single-minded focus on eradication has meant that for almost twenty years it has virtually ignored the significant negative impacts its domestically driven policies have had on local populations and economies, as well as on Bolivia as a whole.

While causal connections linking economic development to conflict reduction are tenuous at best (Miller, 1992: 202), USAID's role in the Chapare has clearly failed to ameliorate the tensions and conflict associated with the War on Drugs. In fact, its actions have largely had the opposite effect. This contrasts with USAID's 'Vision Statement on Conflict' which asserts that 'USAID's development policy and portfolio includes integrated interventions aimed at addressing the effects of underlying social, economic and political problems that contribute to violent conflict' (USAID, 2004). Current USAID administrator Andrew Natsios has stated that USAID 'must improve its ability to promote conflict prevention', which, he explains, must be done 'mostly through democracy' (Muscat, 2002: 28). These policies have never been applied to the

Bolivian Chapare, where, since 1994, USAID has refused to support and strengthen local democratic institutions.

In April 2004, without changing its argument that coca growers are drug-traffickers, USAID/Bolivia declared that it would expand its working relationship with Chapare municipalities (*Los Tiempos*, 8 April 2004). This announcement reflected a shift that began in 2003 with a USAID/Bolivia document which stated: 'The municipal governments, especially at the technical and administrative levels, need to become involved in the local and regional development process and thus the Alternative Development program, regardless of momentary political affiliation of their elected officials' (USAID, 2003: 5). The 2003 USAID Conflict Vulnerability Assessment suggests that channelling funds through municipalities could help to de-escalate conflict in the Chapare. Specifically the report recommends expanding the successful DDCP municipal strengthening and training programme into the Chapare in co-ordination with other funders (Gamarra et al., 2003: 62) Given USAID's formal commitment to decentralisation and strengthening local democracy, such a move makes sense. Current plans, however, allow for only a small fraction of USAID's overall budget to be directed through the municipalities, with the orientation of most funds remaining unchanged.

The European Union's approach through PRAEDAC reflects the recommendations of hundreds of experts on Alternative Development, including participation by USAID, reached at an international conference in January 2002 (GTZ and UNDCP, 2002). Its emphasis on strengthening local governments provides an important model for programmes worldwide. By meeting coca growers on their own terms, it recognises that solutions to dependence on the coca/cocaine economy are long-term and must respect traditional leadership.

To increase the possibility of success, Alternative Development must no longer be associated with eradication but needs to work in collaboration with the elected representatives of its target population. The most effective way to do this is through the municipalities. Such a move would be welcomed by coca growers, and would provide an effective mechanism to reduce conflict in the Chapare and the country as a whole, contributing to political stability and non-violent solutions to Bolivia's deeply entrenched problems. Across the development literature, strong local organisations are considered an enormous asset in economic development programmes, and in the Bolivian Chapare USAID is fortunate to have such organisations to work with. If USAID can learn to work with rather than against coca growers, it increases the chances of achieving economic development and US policy goals of reducing coca production in the Chapare.

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