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Illicit drug traffic and supply: follow-up to the twentieth special session of the General Assembly: Action Plan on International Cooperation on the Eradication of Illicit Drug Crops and on Alternative Development

Strengthening international cooperation for alternative development, including preventive alternative development, with due regard for environmental protection

Report of the Executive Director

Summary

The present report has been prepared pursuant to Economic and Social Council resolution 2006/33 entitled “Strengthening international cooperation for alternative development, including preventive alternative development, with due regard for environmental protection”. It presents a summary of the work undertaken by the United Nations Office on Drugs and Crime in areas covered by the resolution and provides recommendations for further action.

* E/CN.7/2007/1.



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I. Introduction

1. Since the concept of alternative development was first proposed as a means to control cultivation of illicit crops, Member States have recognized that a concerted effort, in terms of policy, resources and technical cooperation, was required to successfully provide incentives to dissuade farmers from engaging in such cultivation. Over time, the donor community has reacted positively and, under the principles of shared responsibility and a balanced approach, have provided Member States, where illicit crops are found, with financial and technical resources to implement approaches oriented towards alternative development to reduce cultivation of coca bush and opium poppy. In return, the Member States with alternative development programmes in place have responded by creating or strengthening national agencies responsible for alternative development, allocating financial, human and technical resources and promoting a favourable policy environment in which to tackle the problem.

2. However, in spite of having achieved a 28 per cent reduction in illicit coca bush cultivation in the Andean region from 2000 to 2005, there continue to be obstacles that need to be addressed in order for reductions in cultivation of illicit crops to be made sustainable. One area that deserves increased attention is market access. Securing markets for products from alternative development programmes continues to be a primary obstacle to successful project implementation. All too often, Member States run up against trade barriers, high tariffs and import duties, subsidized competition and ambiguous preferential trade agreements.

3. Unfortunately, alternative development interventions have not only led to a reduction in illicit crops, but have also resulted in growers and traffickers planting smaller plots in more remote areas, often encroaching and having a negative impact on protected parks and nature reserves. This presents new challenges related to the issues of displacement and expansion, which require innovative approaches.

4. The situation in South-East Asia is different to that found in the Andean region and presents a separate set of challenges. Since 1998, there has been an impressive 85 per cent reduction in opium poppy cultivation in that region. These efforts, although recognized as successful campaigns, have compounded growing levels of poverty, exacerbated food shortages and increased the indiscriminate use of wood and timber from forests and other protected lands.

5. As a result of eradication and law enforcement, cultivation in some areas has been displaced to other parts of the country or the region to offset the loss of income previously gained from opium poppy cultivation. The trend on the part of the farmers of illicit crops to move further into forests and to cultivate many small plots has increased the rate at which forests and protected areas (reserves and national parks) are being cut down and damaged in other ways.

6. To address these challenges, Member States have recognized that additional efforts need to be undertaken to open up markets and provide equal access for alternative development products. In addition, efforts need to be redoubled to design environmentally friendly alternative development programmes that look into innovative approaches to address the link between cultivation of illicit crops and environmental damage, that link traditional rural development with the goals and objectives of alternative development and that make alternative development

interventions consistent with national drug control and development policies and strategies.

7. The present report details the progress achieved to date on the implementation of Economic and Social Council resolution 2006/33. Although there are still significant outstanding issues that need to be resolved and considered by Member States with respect to strengthening international cooperation on the subject, progress has generally been positive with respect to traditional alternative development activities. With regard to preventive alternative development, it appears that the international community has yet to fully engage with the concept, perhaps as a result of a misunderstanding of the concept or a lack of recognition that some pre-emptive actions must be undertaken to reduce the likelihood of illicit crop cultivation and to address other related issues surrounding such cultivation, such as displacement and labour migration.

II. The role of the United Nations Office on Drugs and Crime in promoting alternative development and preventive alternative development

8. The United Nations Office on Drugs and Crime (UNODC) continues to view alternative development as the principal vehicle to reduce or eliminate illicit crop cultivation and to address the factors that drive peasant farmers to engage in cultivation of illicit crops. In this regard, UNODC has continued to play its role of a catalyst, with a view to fostering stronger political commitment and increased support for alternative development programmes on the part of the entire international development community. Equally important is the direct technical assistance that UNODC provides to Member States both in strengthening national capacity and as field-based activities through its field offices and its technical staff at headquarters. The technical assistance provided by UNODC has also played a critical role in the formulation of drug control policy in general and alternative development in particular in Bolivia, Colombia, the Lao People's Democratic Republic, Myanmar, Pakistan, Peru and Viet Nam, among others.

9. With a view to raising awareness of the cross-cutting nature of illicit crop cultivation on the part of the international development donor community, in December 2006 UNODC began to participate in the Global Donor Platform for Rural Development. The objective of the participation of UNODC in the Platform is to ensure that traditional agricultural and rural development activities take into consideration the objectives and actions of alternative development interventions.

10. Participation in the Global Donor Platform for Rural Development has also been identified by UNODC as a means to create momentum for the concept of preventive alternative development. If traditional agricultural and rural development programmes are able to be expanded or broadened to cover areas that are at risk of cultivation of illicit crops or that provide migrant labour, then development assistance can begin to have an impact on a large portion of the population that to date has not been the recipient of any development assistance. By the same token, if traditional programmes can be broadened to indirectly cover or directly support current programmes in areas where illicit crops are cultivated, then alternative

development programmes have an improved chance of being strengthened, successful and sustainable.

III. Cooperation of Member States in alternative development and preventive alternative development

11. Under the principle of shared responsibility, some Member States, such as Colombia and Peru, have started to increase the amount of national financial and technical resources allocated to alternative development through innovative cost-sharing arrangements. For example, in Colombia the governor of the Antioquia department has pledged to fully support an afforestation programme in association with UNODC.

12. The Government of Italy has agreed to support projects in Colombia and Peru under the framework of the clean development mechanism of the Kyoto Protocol to the United Nations Framework Convention on Climate Change¹ and has also identified initial interest in supporting similar initiatives in South-East Asia.

13. UNODC has cooperated with the Government of Colombia's international initiative "Shared responsibility", which is oriented towards highlighting the transnational nature of the drug problem.

14. The Government of Japan, through the United Nations Trust Fund for Human Security, has been instrumental in supporting a joint project of the United Nations Industrial Development Organization and UNODC in the Lao People's Democratic Republic to address the post-opium scenario.

Facilitating market access

15. As part of its comprehensive assistance programme, UNODC looks to identify market demand and match it with potential supply from alternative development projects. The marketing of the programme is principally focused on the Andean region as those programmes are much better established.

16. Throughout 2006, UNODC continued to assist the Government of Colombia, within the framework of its National Alternative Development Plan, with activities oriented towards securing markets for products from alternative development projects, such as coffee, honey, yoghurt, coconut, cacao and beans, among other products. The programmes are targeted in a project area of approximately 80,000 hectares and reach an estimated 6,800 families. The UNODC Country Office in Colombia has also managed to establish important partnerships with the private sector to scale up the impact of its alternative development programmes and has participated in and supported the Colombian Government's "products of peace" marketing campaign.

17. In Meta and Caqueta, Colombia, UNODC has continued to support institutional strengthening and productive organizations through the provision of technical and marketing assistance for products such as organic coffee, cacao and

¹ FCCC/CP/1997/7/Add.1, decision 1/CP.3, annex.

honey. The organic honey produced as a result of the project is now being marketed in 21 stores of a large multinational supermarket chain in Colombia.

18. With a view to fostering interest in and promoting products from alternative development projects, in September 2006 UNODC participated in a food trade fair "Squisito" hosted by the Italian non-governmental organization San Patrignano. San Patrignano is Europe's largest centre for the recovery of drug addiction, where young drug addicts are reintegrated into society thanks to a system of specialized professional skills training with emphasis on food production and preparation and hospitality. UNODC alternative development products from Colombia such as cacao, specialty coffees, honey, palm cabbage and beans were presented at the fair. Many private sector companies participated and showed a high level of interest in marketing some of the products in Europe. However, to fully take advantage of this opportunity, it will be necessary to increase production capacity, as currently there are limitations in supply. To overcome this in the short term, UNODC is exploring a partnership with non-governmental organizations and the private sector to promote these products in smaller niche markets, including a "social responsibility" theme as part of the marketing plan. The event received wide press coverage in Italy and helped to introduce the concept of alternative development to the public.

19. In Peru, UNODC is building upon the success of 2005, where UNODC-supported farmers' enterprises reached sales of \$40 million of coffee, cacao, palm oil and palm hearts, 90 per cent of which went to export markets. For 2006, the sales generated as a result of alternative development projects are expected to surpass the 2005 figures by 20 per cent and reach a total of \$47.8 million. The principal foreign markets for products from alternative development projects continue to be Europe (60 per cent) and North America (38 per cent), but recent discussions with the private sector in Central America and New Zealand appear promising.

IV. Financing alternative development

20. Viewed from a historical funding perspective, promoting sustainable livelihoods through alternative development has been the most prominent thematic area in the technical cooperation programme of UNODC. At the end of 2006, alternative development comprised an overall share of 30.5 per cent (amounting to \$391 million). In the light of the many new mandates that have emerged and that have required funding, the relative share of promoting sustainable livelihoods in the ongoing project portfolio has decreased to 15.4 per cent (amounting to \$96 million), but it still ranks among the top three thematic areas.

21. Over the past year, partnerships with international financial institutions were further strengthened. The World Bank launched its interim development strategy for Afghanistan, with special acknowledgement of the significance of inputs made by UNODC. A memorandum of understanding was signed and consultations were held with the Asian Development Bank, while the International Fund for Agricultural Development and the OPEC Fund for International Development have also indicated their interest to cooperate with UNODC in this area. Similarly, a dialogue is ongoing with the Inter-American Development Bank on specific initiatives in Latin America and the Caribbean.

22. A partnership with the Ministry for the Environment and Protection of the Land and Sea of Italy has started with the co-financing of three projects in the Andean region, with specific emphasis on environmental damage relative to illicit crop cultivation. Projects in other countries are under review.

23. A new initiative called "Global partnership on alternative development" will be implemented starting in 2007 with funding from Germany and Sweden. The objectives are to establish and strengthen institutional mechanisms and capacities for harmonizing policies and bringing drug control objectives and analysis into the mainstream of development programmes, plans and projects; to increase the scope, reach and quality of development interventions in areas where illicit drugs are cultivated; and to increase the body of knowledge on development activities in areas where illicit crops are cultivated that is available to the national and international development and donor community.

24. Another new initiative with a private sector focus concerns a feasibility study for alternative crop development and marketing in Afghanistan. Last but not least, some recipients have also become donors (Colombia, for example) and continue to provide strong financial and material support to UNODC alternative development programmes.

25. While the focus and nature of each relationship is specific, the overall aim is to strengthen these partnerships at both the policy and operational levels and to leverage the know-how, resources and operational capacity in alternative development of UNODC.

V. Conclusions

26. It is clear from the progress in implementing Economic and Social Council resolution 2006/33 outlined in the present report that there continues to be a commitment on the part of Member States, international organizations, development organizations and international financial institutions. However, the translation of this political commitment into effective on-the-ground interventions has been hampered by a lack of stable technical and financial resources. In some cases, ambiguous or unclear policies may be forcing some donor Governments to reconsider supporting some alternative development programmes. At the same time, competing priorities and national interests in donor countries have hindered UNODC's efforts to raise financial resources for alternative development.

27. With respect to market access, although there have been some efforts to secure markets or provide access, additional efforts need to be made. Equally important is the need for market access to be coupled with the elimination of subsidized national competition. In this connection, it is also important to consider the impact that certain domestic and foreign trade policies and systems of preferences can and do have on marketing of alternative development products. The active participation of the private sector in marketing and product support is vital for project success. Those projects that have successfully engaged the private sector have, for the most part, been able to satisfy the marketing goals and thus have overcome the principal obstacle in implementing productive projects.

28. Although a clear link exists between the approaches and objectives of alternative development and rural development, little has been accomplished in terms of ensuring that both approaches work in tandem in areas of common interest. In this connection, many in the international donor community have yet to fully engage with alternative development and recognize the similarities of both approaches, as well as the opportunities that can be leveraged after many years of experience.

29. The principles of a balanced approach and a shared responsibility continue to be the framework under which alternative development assistance is provided. In this regard, most Member States recognize the importance of achieving a balance between law enforcement, eradication and alternative development. What continues to be absent is a concerted effort to engage the concept of preventive alternative development as a means to improve the socio-economic situation of a marginalized and vulnerable rural population at risk for involvement in illicit crop cultivation.

30. The situation in the Lao People's Democratic Republic and Myanmar requires immediate and sustained attention on the part of the international community to address the post-opium scenario and provide the human, financial and technical capital required to increase income levels, ensure food security and provide access to health care, if illicit crop reductions are to be sustained.

VI. Recommendations

31. In an effort to make crop reductions sustainable, the international community should fully recognize that development-oriented crop reduction strategies are long-term and require a comprehensive approach involving the active participation of all parts of government, the international donor community, civil society, the private sector and beneficiary communities.

32. International organizations, international financial institutions, development agencies and Member States must provide stable and adequate funding to alternative development programmes and projects. Projects cannot be expected to fulfil all the original objectives if funds are inadequate and sporadic. Donors should take this into account when making decisions to fund projects and development agencies must consider this when designing projects.

33. Additional efforts should be made to increase awareness on the part of the international development and financial community as to the importance of including development-oriented drug control interventions in their overall national development programmes for Member States. All interested and involved Member States and the international community should bring alternative development into the mainstream of broader development programmes and should seek, where possible, to introduce the issues of illicit crop cultivation and alternative development into their consultations with the World Bank on poverty reduction strategy papers.

34. The international community should make efforts to support those Member States that implement preventive alternative development as a strategy to reduce the likelihood of marginalized populations from becoming engaged in illicit crop cultivation, processing and harvesting or related activities.

35. The private sector continues to be a key element for successful alternative development programming and in this regard UNODC should continue to strengthen and promote collaborative partnerships to identify, produce and market products from alternative development programmes.

36. UNODC and interested Member States should look to design innovative approaches to tackle the issue of illicit crop cultivation and its impact on the environment. In this connection, UNODC will continue its dialogue with Member States and the World Bank to assess the possibility of utilizing the clean development mechanism of the Kyoto Protocol as a means to jointly address development and global climate change.

37. UNODC will also continue its participation in the Global Donor Platform for Rural Development with a view to raising awareness on the part of the larger development community about the need to bring alternative development and drug control objectives into the mainstream of their development assistance programming and to finance rural development programmes in Member States affected by cultivation of illicit crops.
