**RETROSPECTIVE IMPACT EVALUATION OF ALTERNATIVE DEVELOPMENT PROGRAM IN HUANUCO, SAN MARTIN AND UCAYALI (2007-2012)**

**Peru**

Executive Summary

From 2002-2011, the United States Government (USG) and the Government of Peru (GOP) jointly implemented the Alternative Development Program (ADP) in areas of San Martin, Huanuco, and Ucayali. Drug traffickers and subsistence farmers have used areas of these regions characterized by a lack of infrastructure and government presence for illicit coca cultivation. The program’s goal was to sustain reductions in illicit coca cultivation through the promotion of licit economic alternatives as well as increasing social capital. The ADP encompasses a collection of projects funded by USAID that all contribute to development objectives, and which were implemented by different partners over the intervention period.[[1]](#footnote-1)

Between 2002 and 2006, interventions focused assistance on communities that agreed to eradicate their own illicit coca in voluntary eradication agreements, known as the “R-376” communities. After 2006, interventions focused on communities that signed agreements not to replant coca following programmed eradication by the GOP, referred to as Plan20XX according to the operational year in which they entered into agreements. Additionally, between 2006 and 2008 forced eradication was implemented in some communities. Assistance provided to those communities is known as ‘post-eradication’.

The main objective of this report is to retrospectively measure the impact of the ADP on participating households in San Martin, Huanuco, and Ucayali. To achieve this, the analysis relies on information from household surveys carried out by Peru's National Commission for Development and Life without Drug (DEVIDA) from 2007 – 2011. The DEVIDA survey, funded by USAID, included data collected from both participating and non-participating communities regarding income and perceptions related to coca, community well-being, local and regional government, and other indicators. However, the purpose of the survey was mainly to monitor the progress of the DEVIDA interventions rather than to evaluate its impacts. This report presents a descriptive analysis of the types of interventions implemented by ADP in the aforementioned regions followed by an estimation and analysis of program effects using two different methods: cross-section propensity score matching and a panel data analysis.

Various factors hindered the ability to assess the ADP’s impact. Factors such as lack of information, selection criteria and method, different stages of the project’s intervention (voluntary vs. forced eradication), no baseline survey[[2]](#footnote-2) and the lack of sufficient control communities, all limited the assessment of impacts.

However, we were able to find indications of interesting potential effects attributable to the ADP in these regions. From the cross section analysis, we only found a significant and positive effect on family income for ADP communities in Huanuco for the year 2011 due to an important difference in productive income compared to non-ADP (NADP) communities. Additionally, when we separated ADP communities by type of intervention (R-379 and Plan20XX), we found positive program effects for R-379 communities in Huanuco and Ucayali, but not in San Martin, and these positive effects were more significant for the years 2010 and 2011. This fact can be attributed to the longer period of participation that R-379 communities have under the ADP and to the time it takes for alternative crops like cacao and coffee to become highly productive.

In fact, exploring the evolution of income from these crops in the case of R-379 communities and NADP communities that were selected as controls, we found an important improvement in income for the ADP families between 2007 and 2011-2012 in all regions in the case of cacao and in Huanuco also in the case of coffee. In San Martin, however, income from coffee production appears to have grown more for NADP communities. This last result, and the fact that households in NADP communities in San Martin initially reported higher income from other cash crops like rice and coca, could explain the absence of a total income effect in this region.

Finally, we took advantage of the fact that some communities were repeated between samples of different years to analyze the average difference in income between each pair of years for ADP and NADP communities. In this panel analysis, we found a significantly bigger improvement in ADP communities for Huanuco and Ucayali in most cases, but results in San Martin were not as clear. In this region, there were slightly positive results until 2011 but these results became not significant or negative when we used the year 2012 as a comparison.

For the future impact evaluation of ADP in Huanuco, we recommend reviewing and adjusting the survey sample selection criteria and survey methods in order to attain better baselines, improving the collection of data through the use of a panel which will allow for a greater analytical power to capture the complexity of human behavior and social impact. Finally, questionnaires should be redesigned to incorporate more questions, most importantly questions that assist in the construction of variables that will lead to evidence-based analysis.

1. A major ADP activity implemented by Chemonics over the period was also known by the “ADP” acronym. Unless specified, use of ‘ADP’ in this evaluation refers to the overall collection of program interventions. [↑](#footnote-ref-1)
2. While there is a survey for the first year of the intervention (and previous years) the data collected is not equivalent to a baseline survey because: interventions had been taking place for years before the intervention period; the data collected in the survey is oriented towards monitoring as opposed to attributing causal effects to the intervention; and, the survey questionnaires and methodologies were not consistent over time. [↑](#footnote-ref-2)