



Institute of Social Studies

Graduate School of Development Studies

**TRANSCENDING THE LIMITATIONS OF COCA
SUBSTITUTION INITIATIVES IN BOLIVIA:
LIVELIHOOD STRATEGIES AS SUSTAINABLE
SOLUTIONS**

A Research Paper presented by:

XIMENA ECHEVERRIA MARGARINOS
(BOLIVIA)

In Partial Fulfillment of the Requirements for Obtaining the Degree of:

Master of Arts in Development Studies
Specialisation:

International Political Economy and Development

Members of the Examining Committee:
Dr. Cristóbal Kay
Dr. Arjun Bedi

The Hague, The Netherlands
December 2005

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Enquires:

Postal Address:

**Institute of Social Studies
P.O. Box 29776
2502 LT, The Hague
The Netherlands**

**Telephone : -31-70-4260460
Telefax: -31-70-4260799
e-mail: postmaster@iss.nl**

Location:

**Kortenaerkade 12
2518 AX, The Hague
The Netherlands**

I dedicate this work to all...

As our contributions are only real once we share them with others.

ACKNOWLEDGEMENTS

I want to express my gratitude to the producers in the Chapare region. This study is made in recognition of your admirable determination and was only possible with your valuable contributions.

To all those in ISS, the NFP Program, the Bolivian government and the Netherlands Embassy in La Paz, for facilitating this achievement.

To my colleagues of DAI-CONCADE, for the official institutional support, the ideas, the valuable material, and the encouraging words. Special thanks to Christopher Seeley, Armando Ferruffino, Mauricio Aviles, Patrick Keirnan, Silvana del Castillo, Silvia Pierola, Ronald Anzoleaga and Carla Siles.

To Kees Biekart, Pien Metaal, and Cristian Keil, for dedicating time to share knowledge, provide input and encourage ideas.

To Cristobal Kay and Arjun Bedi, for the support supervising the study, providing feedback and allowing space to creation.

To my family and friends, my special thanks to Luis Chain.

To Ian Gray, my “quinquennial” gratitude for the support you gave.

To my dear IPEDers, for adding value to all learned, shared and done in this year.

To life, for a wonderful experience.

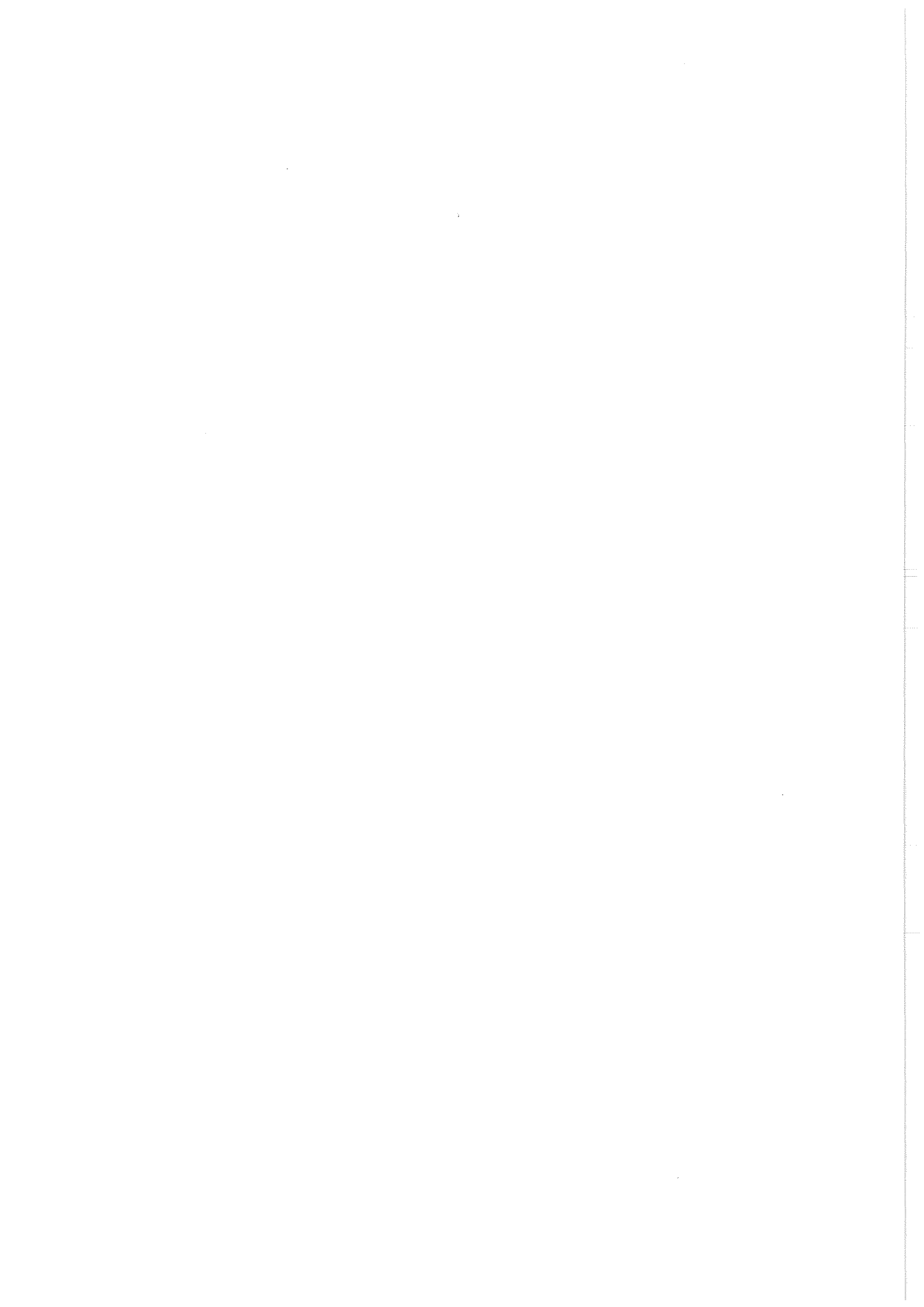
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LIST OF ACRONYMS

AD	Alternative Development
AMVI	Asociación de Mantenimiento Vial
APU	Agricultural Production Unit
CEDIB	Centro de Documentación e Información Bolivia
CONCADE	Consolidation of Alternative Development Efforts
EU	European Union
IRD	Integrated Rural Development
MAS	Movimiento al Socialismo – Movement to Socialism
OAE	Organization of American States
OLS	Ordinary Least Squares
OSNs	Organizaciones de Segundo Nivel – Second Level Organizations
PDAR	Programa de Desarrollo Alternativo Regional
PRAEDAC	Programa de Apoyo a la Estrategia de Desarrollo Alternativo en el Chapare
PIDYS	Plan Integral de Desarrollo y Sustitución
SD	Sustainable Development
SLA	Sustainable Livelihoods Approach
UN	United Nations
UNAs	Union de Asociaciones – Unification of Associations
UNODC	United Nations Office on Drugs and Crime
USAID	United States Agency for International Development
VIMDESAL	Viceministerio de Desarrollo Alternativo

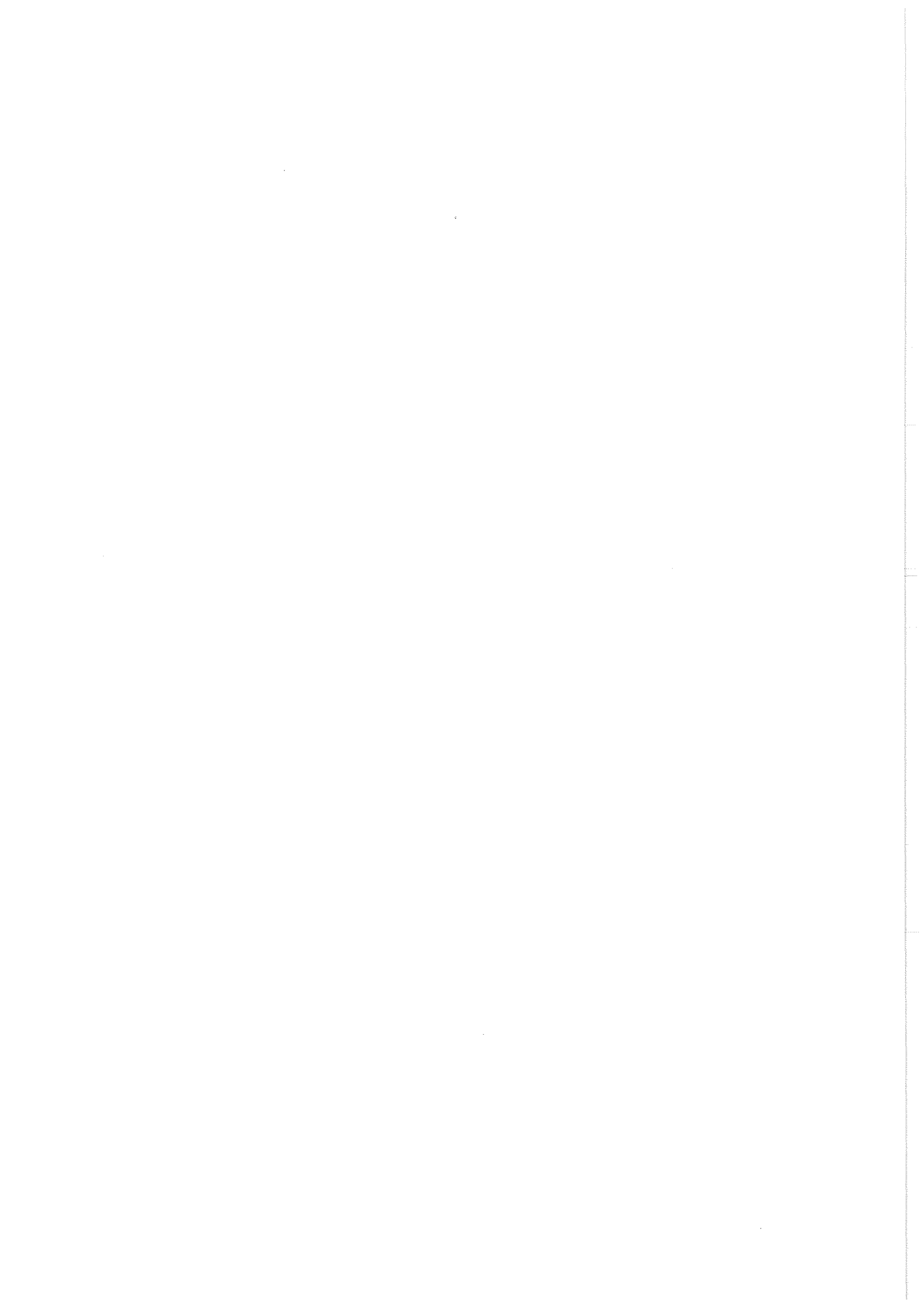


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INTRODUCTION

Drug markets have become a significant area of attention in the international agenda for the past decades. This as a consequence of increasing economic distortions, plus ominous social and political configurations generated at all levels of these illicit productive chains.

In the case of cocaine, the chain sets its base in South America, pulled by increasing demand from the US and Europe since the 1970's. The production link in the region is facilitated by the existence of coca cultivation systems characteristic of the Andean countries; responding in principle to traditional uses of the population but also acquiring a new, much more profitable dimension when used as primary element for cocaine elaboration.

Resulting from the coca boom during the 1980's, producers mobilized to coca cultivation areas in search of the economic benefits derived from this productive practice. Hereafter, Bolivia, Colombia and Peru developed into the primary suppliers of coca leaf, with estimated production covering an area of 183,000 hectares (UNODC, 2005) and currently accounting for more than 98 per cent of world production, destined for both licit and illicit ends.

Immersed in this scenario and derived from multilateral and bilateral conventions, a formal process of elaboration and implementation of counter-narcotics policy was initiated by the Bolivian government in the late 1980's. The policy was based on the assumption that tackling the supply side would be the most effective mechanism to contain the cocaine

Graph 1. Andean Region: Main Coca-growing Areas

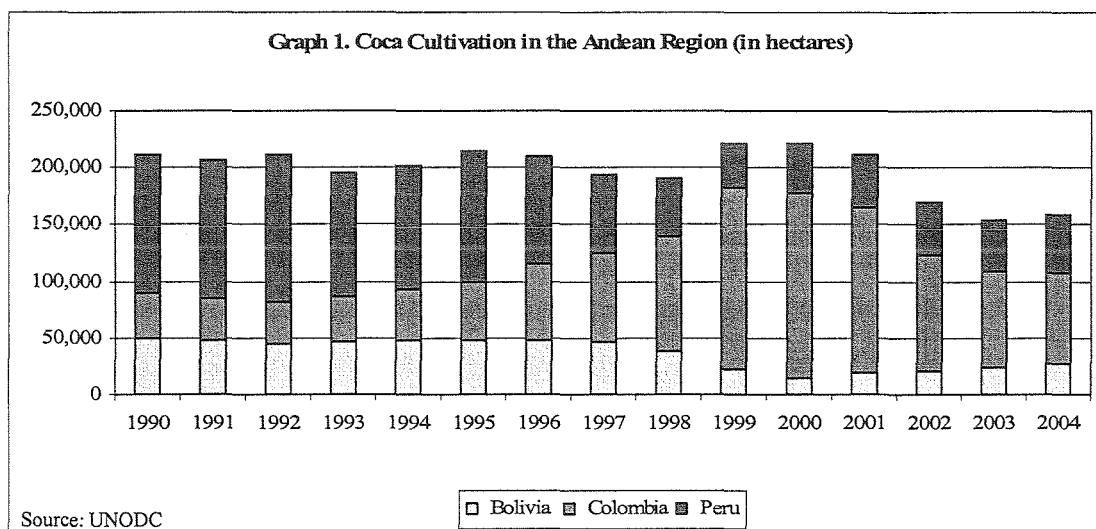


Source: The Economist, 2005.

market. Hence, it was at the producer livelihood level where policy would be implemented, intervening through two main initiatives: Eradication and Alternative Development (AD).

In UN terms, policy would be enforced to facilitate “a process to prevent and eliminate the illicit cultivation of plants containing narcotic drugs and psychotropic substances through specifically designed rural development measures in the context of sustained national economic growth and sustainable development efforts in countries taking action against drugs, recognizing the particular socio-cultural characteristics of the target communities and groups, within the framework of a comprehensive and permanent solution to the problem of illicit drugs” (UNODC, 2005)¹.

Within a comprehensive solution, counter-narcotic policy would ultimately aim to stop the “balloon effect”² in the region (Graph 2), being effective enough to reconstitute livelihoods and minimize the net quantity of coca cultivation in source nations.



Counter-narcotics policy has been implemented for almost two decades in Bolivia and it has confronted numerous challenges throughout the process, made evident most strongly in the Chapare region. The Eradication initiative proved effective in destroying coca crops,

¹ Definition endorsed by the General Assembly at its twentieth special session on international drug control in June 1998.
² When coca is eradicated in one area, new extensions are cultivated in other areas.

however outpaced the generation of options and benefits for the producers from new licit activities under Alternative Development. The underachievement of the strategies became evident in three forms: income generated from alternative licit practices was by no means reaching the levels that producers used to generate with coca; policy over-concentration in agricultural transformation was leaving other areas of support unattended; and most importantly, the differentiated treatment to producers had generated rivalry between associations and unions. This friction then defined two categories of actors: those once subjected to eradication and thereafter voluntarily participating in the Alternative Development initiative (hereafter referred to as AD producers), versus those who may have been subjected to eradication at one time, may have avoided it or may still be resisting it, rejecting any relationship with AD (hereafter referred to as coca producers).

Within this scenario, the meaning and viability of Alternative Development came under question, particularly by the coca producers. They initiated resistance through social mobilization and confrontational situations with government, further consolidating political representation and presence in government through the political party Movement to Socialism (MAS) in 2002. Since then, this political opposition has been criticizing the government for an inadequate counter-narcotics policy that serves international commitments more than local necessities, and for failing to provide viable options alternative to coca production.

Hence, a problem is now evident as the coca debate develops only within the visions of the government and the coca producers' representation. Government shows unable to demonstrate the benefits of AD, while the coca producers refuse to accept the possibility of success for alternative producers; limiting the debate to a struggle in an un-transparent political space.

This study bases itself on the argument that there is insufficient knowledge of whether or not producers have achieved the economic transformation goal of the Alternative Development initiative in the Chapare region, which misleads the debate and undermines participation of all actors involved. In an effort to generate this knowledge, the research

aims to examine the livelihood composition of producers assisted by AD, attempting to better understand the way they have adapted to the process, and the way they progress (or not) towards sustainability.

Such a study contributes to demystify positive and negative nuances of the Alternative Development initiative, suggesting options for improvement of the counter-narcotics policy in the nation, in a way that responds more effectively to all actors involved.

The study is structured in five parts: Chapter I presents the core elements of the research, introducing the topic and its boundaries, and the questions intended to be answered throughout the study. Chapter II lays the theoretical foundation to support the analysis, taking the Sustainable Livelihoods Approach as the lens, and including complementing elements from economic and political perspectives. Chapter III then begins the exploration, focusing on the structures and relations that govern the Alternative Development initiative, defining the policy context by which producers end up implicated in the breaking of the coca-cocaine cycle. Chapter IV analyzes the current role of the AD producers, the composition, dynamics and strategies of their livelihoods under the influence of Alternative Development, attempting to capture the contributions of the initiative to the improvement of livelihood conditions. From these findings, the paper presents future perspectives in Chapter V and concludes.

CHAPTER I

METHODOLOGICAL ELEMENTS

The present chapter introduces the core elements upon which the study is structured; delineating the main questions attempting to be answered and exposing foreseen limitations in the process.

1.1 Research Questions

The study will focus on answering the following question:

Has the producer assisted by the Alternative Development initiative achieved a livelihood composition that embodies a potential viable option towards sustainability?

Complementary, to maintain a line of analysis, the following will be examined:

What structures and relations govern producers' access to resources within counter-narcotics policy in the Chapare region?

Has the contribution of the Alternative Development initiative ensured improvement of livelihood conditions and made the de-linking from coca worth it for producers?

What strategies used by the producers open further options to ensure sustainability?

1.2 Methodology

As argued by Barragan (2001:14), research and studies in social science depart from the need to study the social world in its “natural state”. For this matter, he defines Strategic Research as an intermediate level of research between a diagnosis and a fundamental study, for which the design, delimitation and conceptualization of the problem departs from questioning reality at present, critically analyzing contemporary processes and

searching for new perspectives. Thus, this type of research attempts to integrate the social, cultural and political in a way to reflect the complexities of reality and aims to influence the design and implementation of social policy in the future. Within this limits, the impact of the present work does not aim for direct application but attempts to raise consciousness, contributing knowledge to areas previously neglected and providing new inputs for debate.

1.3 Scope and Limitations

Counter-narcotics policy making, their implementation and results are vastly explored from political, academic and civil society perspectives³. The topic has concentrated considerable efforts of analysis and judgment of the benefits and damages created for the actors involved, mostly from a macro perspective. The study now focuses on elaborating a micro perspective, locating in one of the most significant geographic areas of coca cultivation in Bolivia: the Chapare region.

Due to the fragility of the context and limitation of contact with coca producers, the primary focus of this study will be given to producers who are currently assisted by the AD initiative. It is recognized that this perspective presents the point of view of only those involved with the initiative and who live in accessible areas; however, it brings to light the realities of a group often invisible.

The period of attention chosen is from 1998 to 2005. It represents a period of intensification of the coca debate, caused by (1) increasing Eradication actions (2) increasing social and political protest against Alternative Development (3) achieved political presence of coca producers in government (4) counter-narcotics policy adjustment and (5) continuous dis-encounters among government and producers as new stages of the AD initiative are implemented. In other words, it signifies a period in which all the

³ Examples of studies at the macro level: Studies on global power relations and the “collateral effect” that counter-narcotics policy generates worldwide (Youngers, 2004; Farthing & Ledebur, 2004; Ledebur, 2002; TNI briefing series). Other studies analyzing the implications of applying counter-narcotic and eradication actions, its effectiveness in terms of policy, institutional context and government enforcement (Salazar, 2003; Tellería et al., 2002). Further studies on civil and human rights broken when applying forced eradication actions (Washington Office on Latin America; Youngers, 2004). Progress reports elaborated to establish institutional difficulties in the implementation of projects within counter-narcotics policy (Decker et al., 2005), and finally, publications assessing the continuous tensions in coca producing regions, and the political responses taking place at present (Potter, 2002).

historical trajectory of Eradication and Alternative Development initiatives in Bolivia consolidate, and situate in a new social, political and cultural context.

1.4 Primary Information

Semi-structured interviews and field visits (direct observation) allowed the gathering of experiences and contextualization of the producers' realities; identifying the contribution of the AD initiative towards potential sustainability. Eight visits were randomly made in two communities in order to familiarize with and reflect on the day-to-day activities of households. The purpose was to capture the producers' valuation of how livelihoods are composed, their capabilities developed and the benefits attributable to both their own strategies and the AD initiative.

The selected sample size of interviews is not intended to be statistically significant to the total population; their value is intended to complement secondary sources of information. Producers are sensitive to interviews and at times cautious, due to the social and political tensions in the region. Hence, their contributions are kept anonymous.

1.5 Secondary Information

Academic papers, political analyses, newspapers, and bibliography on the topic of drug markets and counter-narcotics policy were reviewed for the case of Bolivia mainly. Quantitative data was obtained from the Agricultural Survey undertaken in 2003 by CONCADE⁴, the biggest USAID-funded Project within the Alternative Development initiative in the Chapare region. The survey extracts data from a sample of 2,722 agricultural productive units assisted and non-assisted, representative to a universe of 36,964 in the area of action.

⁴ Encuesta Agropecuaria 2003 - Proyecto DAI - CONCADE, Trópico de Cochabamba, Bolivia.

1.5.1 Explaining Productivity

Econometric modelling is used in this study to explore economic efficiency of livelihoods as an indicator of sustainability. Here, productivity is taken as a proxy of economic efficiency, measured as total value of licit agricultural products. A positive effect is expected from the contribution of assets supplied by the AD initiative to the generation of agricultural product value, thereby broadening options for sustainability. The aim is to see whether this expected effect actually takes place and which are the most important variables that explain it.

The relationships to be explored are contained in three structural econometric models:

- a. Total agricultural product value explained by the capital endowment characteristics that producers have.
- b. Total agricultural product value explained by the fact of being assisted or not by the AD initiative; controlling for the capital endowment characteristics of the producers.
- c. Total agricultural product value explained by the capital asset endowments provided by the AD initiative; controlling for the status of being assisted or not, and for the capital endowment characteristics that producers have.

The relation is then defined as:

$$y = f(\text{producer characteristics, AD assistance, capitals provided by AD initiative})$$

The dependant variable considered is the total product value of alternative development products in U.S dollars. Referenced in Pender et al. (2004), Mukherjee suggests the use of the logarithmic form of the variable as these transformations reduce problems with non-linearity and outliers, improving the robustness of the regression results. As this is a continuous variable, Ordinary Least Squares (OLS) regression is utilized.

The explanatory variables are dummy and continuous. They indicate the characteristics of the producer, the status of being assisted or not by the AD initiative and the composition of assets contributed by it. The variables are considered exogenous as (1) they can be a result of the assistance of AD, mostly outside of the decision making capacity of the individual producer (Bhalla & Roy, 1988), or (2) they can be pre-determined state variables in relation to the producer characteristics of assets endowment (Pender et al. 2004). The econometric analysis, complemented by qualitative information gathered, is elaborated in Chapter III.

CHAPTER II

THEORETICAL FOUNDATIONS TO COMPREHEND REALITY

As referenced by Barragán et al. (2001:66 own translation), elaborating a theoretical framework involves analyzing and presenting those theories, approaches, studies and experiences that contribute to the focalization of research. This implies the adoption of a theory or a framework that best accompanies the purpose, establishing the elements to be described and explained, as well as the relations among them. The present Chapter elaborates on the theoretical foundations and the analytical framework that underpin this research.

2.1 Development Theory and Practice for the Rural Context

Development thinking has produced a series of theories and approaches in the attempt to define and combine the elements that compose the rural context, and characterize rural populations as object, subject or agent of the development process.

Box 1. Development and People

50's Do development to the people
60's Do development for the people
70's Do development through the people
80's Do development with the people
90's Empower the people for development
The focus is now on developing local capacity for self-development.

Source: Foster & Mathie, 2001

Foster & Mathie (2001) elaborate on earlier approaches in international development from the interpretation of the role that people play in the process (Box 1); this being applicable to the rural context. The different stages are characterized by the production of theoretical constructions and the promotion of multiple development approaches

associating the role people play in the development process and the achievements that should be aimed to modernize or integrate the rural into the greater regional, national and international realms.

Rural development approaches departed from a merely economic perspective in a post-war period where the generation of physical capital and productivity were means for economic

growth and technical modernization, all under an agricultural development focus that would gradually translate on improved living conditions of the poor (Lacroix,1985).

The inclusion of purely production-related components and physical capital proved to be insufficient and gradually non-responsive to the development process. As an answer to the weaknesses of existing development theory; complementary conceptions of equity, human capital, functioning and capabilities combined with economic theory to form the Capabilities Approach derived from the work of Amartya Sen. Its orientation was in generating various combinations of functionings (beings and doings) in people, with the aim of constituting the capacity and freedom to achieve well-being (Schuller, 2004).

Thus, notions and conceptualizations of “capitals” came into development discourse and thinking, gradually adding notions of resources and assets, plus multilayered elements of livelihoods. Diverse economic rationalities were explored and analyzed, to broaden the spectrum of the development process as a complex and multifaceted phenomena that had to take into account the synergism between different components of the rural conditions and the external forces that influence them.

As a result of these theoretical constructions, development approaches contributed to generate global paradigms, which materialized in the developing world through cooperation principles and intervention strategies. Alternative Development then constituted one of the paradigms aiming in principle to develop alternative perspectives in pursuit of economic and social transformation.

2.2 Alternative Development

The concept emerged as a theoretical break from the mainstream economic growth paradigm prevailing since the 1950's⁵. It gave space to the search for alternatives and the

⁵ We understand paradigm as Chambers (2005) defines it: A pattern of mutually consistent supporting concepts, values, methods, behaviours and relationships.

generation of a series of proposals to re-direct development efforts and projects, moving on from the community-based approach and its disillusion.

The search of alternatives brought with it an increasing intellectual segmentation of development theory and practice, leading to new concepts, ideas, and methods, according to various social, economic, and political locations (Nederveen Pieterse, 2001). Contained in this paradigm and translated in initiatives for the developing world, two of the most influential approaches were Integrated Rural Development and Sustainable Development.

2.2.1 Integrated Rural Development

Generated by the World Bank (Lacroix, 1985) and supported by different institutions predominant in policy making processes for Latin America in the 1970's. This approach contributed to redirecting the focus of development from physical capital formation to further aspects of human capital in the rural context.

Projects under this approach consisted in a basket of goods and services including social and economic components related to a particular basic need's satisfaction of a homogeneous mass of rural population, denominated the "small farmer" (Lacroix, 1985:4). Here, the rural context is characterized by poor populations vulnerable by nature and even more when considering market integration of excess production and processes of accumulation. Therefore, the goal of development efforts would be to provide these populations with support in every area of life.

The term "integrated" was understood as a "group of otherwise unrelated components, each of them addressing one aspect of rural underdevelopment" (Lacroix, 1985:15). However, as development initiatives were implemented under this framework, two elements stood out as reasons for its consequent limitations and critique. First, integration demonstrated to be much more of a challenge when facing reality, where the need for increasing resources and institutional capacities generated a large list of areas of attention, but with deficient connection among them. Second, a top-down perspective persisted, in

which policy was designed from upper institutional and political spheres, as rural populations were seen as target groups unable to direct their own development process. Under this perspective, development actions proved to be distanced from rural realities, minimizing their contribution to the improvement of rural conditions.

2.2.2 Sustainable Development

This approach focused in defining government policy in a way that the process of economic growth and agricultural productivity was enhanced and continued, while maintaining the quality and quantity of the resources devoted to its practice. In this sense, successful management of resources would satisfy changing human needs and most importantly, would maintain the quality of the environment, consolidating a new way of understanding and supporting development (Hiemstra et al., 1992).

Even if the concept widened development thinking, it failed to address the political economy complexities of local, national and global realities. Murray and Silva state that the SD approach should not only involve rationality in use of resources, but “it must aim to meet basic human needs, access to an adequate livelihood, access to adequate shelter and a healthy environment and some form of participation in decision making that affects these basic needs” (2004:118). This argument was then complemented by Radcliffe (2004:196), who notes that sustainability will depend on a new way to pool resources and know-how, linking them to local, regional, national and world markets, giving importance to elements of livelihood, culture and political opportunity.

As shown above, the process of understanding the rural context becomes gradually a complex construction of social, political, economic, environmental and cultural elements, that when combined become defined as a livelihood.

The concept of livelihood grows to be one attempting to capture all dimensions of rural reality. In this attempt, Appendini (2001:25) makes use of the definition elaborated by Hoon et al. by which a livelihood is “*a dynamic realm that integrates the opportunities and*

assets available to a group of people for achieving their goals and aspirations as well as interactions with and exposure to a range of beneficial or harmful ecological, social, economic and political perturbations that may help or hinder groups' capacities to make a living". In fewer words and quoted from Carney, a livelihood constitutes a system that *"comprises the capabilities, assets (including both material and social resources) and activities required for a means of living"* (Dalal-Clayton et al. 2003: 14).

Based on this concept, contemporary theoretical and practical attempts to study and understand rural development have increasingly integrated elements from all previous approaches, including notions of integrated development, sustainability, capitals, capabilities and livelihood strategies; joining together into the Sustainable Livelihoods Approach⁶.

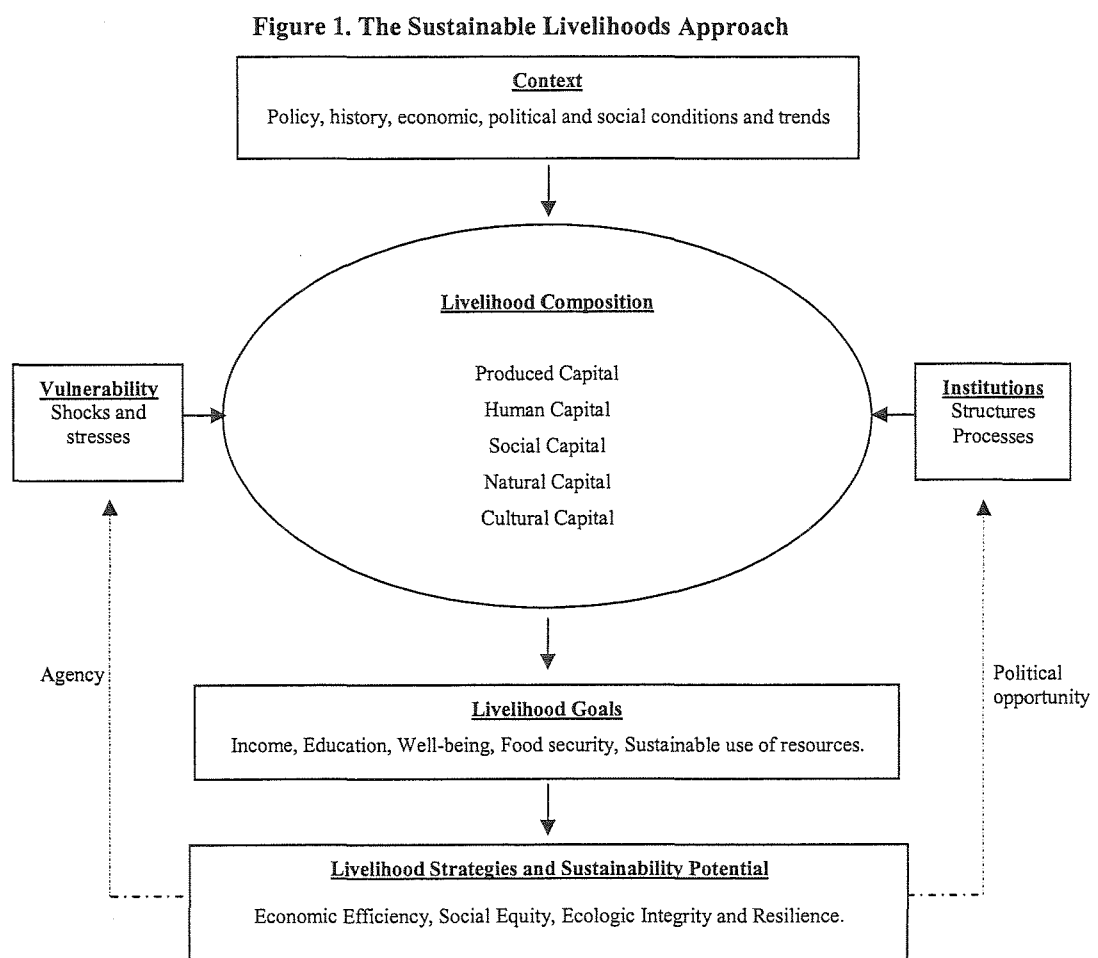
2.3 The Sustainable Livelihoods Approach

The SLA, as Bebbington highlights, is engendered in the necessity to widen the conception of the rural context, the notions of livelihoods and the way development practices contribute to their reproduction. The approach focuses on the resources that people need and have access to, translating them into a set of capital assets (produced, human, natural, social and cultural) and linking the materialist with the hermeneutic and actor-centred notions of poverty, vulnerability and sustainability. "People's assets are not merely means through which they make a living: they also give meaning to the person's world" (Bebbington, 1999). These meanings emanate from what people pursue in their livelihoods and capital assets are the means to make these purposes real. In this sense, "assets are not

⁶Considerable contributions to this approach: Anthony Bebbington analysing capitals, capabilities, encuentros y desencuentros within the livelihood approach for the Andean Region (1999, 2004). Tom Schuller et al. analysing learning and education processes in terms of social, human and identity capitals in rural regions (2004), Ian Scoones analyzing the range of formal and informal organizational and institutional factors that influence sustainability of livelihoods (1998), Alain de Janvry re-thinking the Integral Development Approach of the 70's and 80's, posing the failures of a state-led model based on agriculture and farms - green revolution - not leaving outlets for "voice and choice" of actors and omitting the heterogeneity of reality (2003), and Annelies Zoomers (2001) analyzing the relationship between Land and sustainable livelihoods in Latin America.

simply resources that people use in building a livelihood; they should also guarantee the capability to be and to act”.

How people use, manage and transform assets will then be determined by structures that govern the access to resources, the vulnerabilities of the context, plus the various strategies people adopt, aiming to integrate what the context provides, plus the capacities they gain to improve living conditions (Figure 1.).



The approach emphasizes in distancing from the dependency perspective, encouraging to depart from all “*creative responses by poor people that might offer a basis to rethinking development strategies that can enhance livelihood opportunities, albeit within a broader*

political economy that still presents many obstacles and still favours the interests of elites” (Bebbington, 2004:175).

Policy, in this scenario, would come as the means by which society could contribute to the formation of capabilities for those groups in process of development (Schuller et al., 2004). Here, capabilities would represent the “potential to achieve desired levels of functioning in different domains of life” and capitals could materialize this potential through assets used and transformed in order to improve functionings.

2.3.1 Capitals

There are five concepts of capital assets that the approach manages (Bebbington 2004:176):

- a) **Produced Capital:** All physical and financial assets required and at disposal to carry out economic activity. This implies infrastructure, technology, working capital, assets convertible to cash, credit, etc.
- b) **Human Capital:** A consequence of one’s body assets, reflected in physical or intellectual potential either from birth or acquired in life such as health, knowledge, skills, etc.
- c) **Social Capital:** Consequence of one’s relationship with others and participation in organizations that articulate different areas of life. This articulation should facilitate or provide outlets to access resources.
- d) **Natural Capital:** Quantity and quality of natural resources available at present, and its potential to sustain generations to come.
- e) **Cultural Capital:** Resources and symbols one gains as a result of being part of a particular cultural group.

The definition of capital is further complemented by Arce (2003:205), who argues that *“the notion of capital may be appropriate for understanding livelihoods when constructed around classes defined by their capital assets and by individual access to private property.*

In societies where livelihoods are organized around complex mixture of collective ownership, the form of individual capital assets may not be significant in judging people's vulnerability, sustainability, or strength in the making of viable (or productive) economic, political and community attachments and organization". Therefore, it is important to consider the nature and organization of the social base in order to elaborate a realistic analysis when studying livelihoods.

2.3.2 Livelihood Goals, Strategies and Vulnerability

Livelihood strategies represent the mechanisms through which people manage, modify, and substitute, trade-off and draw-down capital assets; in order to adapt to change, to handle opportunities and to overcome limitations (Bebbington, 1999; Zoomers, 2001). Strategies are strongly motivated by the goals livelihoods establish and constrained to the vulnerability generated by stresses and shocks in the context in which livelihoods are immersed. In this matter, livelihood strategies associate with the level or risk and uncertainty of taking alternative options (Scoones, 1998).

Livelihood strategies are not always a result of deliberate and strategic behaviour, but can be more related to continuous adaptation to the context. This situation would then be reflected in what Zoomers (2001) defines as adapting strategies and coping behaviour, where adaptation represents an ex-ante voluntary measure to anticipate potential changes; and coping behaviour represents ex-post involuntary response to unanticipated crisis. In the same line of interpretation although with different terms, Scoones examines vulnerability and its effects on livelihood strategies by stresses and shocks. Here stresses are identified as small, regular, predictable disturbances with a cumulative effect; and shocks as large, infrequent, unpredictable disturbances with immediate impact. In agricultural economics, these elements are identified in terms of risk and uncertainties; risks associated to situations where the occurrence of an event is predictable and known, and uncertainties referred to as situations where it is not possible to determine the probability of occurrence of an event, being it totally unknown (Ellis, 1994; Moschini & Hennesy, 2001).

Under this logic, livelihood strategies are inherently linked to risk management strategies, which aim “to control the possible adverse consequences of uncertainty that may arise from production decisions”. From this perspective, “risk management activities in general will not seek to increase profits per se but rather involve shifting profits from more favourable states of nature to less favourable ones, thus increasing the expected well-being of a risk-averse individual” (Moschinni & Hennesy 2001:122).

In conclusion, livelihood strategies will be determined by the economic and well-being perceptions people construct in trying to achieve sustainability, and these will constitute means of power and agency once actors become capable to engage the broader structure in which they are inserted (Bebbington, 1999).

2.3.3 Sustainability

As a result of strategies generated, a livelihood will be sustainable when it can access to all assets that guarantee their regular economic, social and political functionings; plus will be able to cope with stresses and shocks and recover from them while not undermining the natural base (Dalal-Clayton et al., 2003:14; Scoones, 1998). The concept of Sustainable Livelihoods therefore “refers to the maintenance or enhancement of the productivity of resources on a long-term basis; [and] it only exists when it also provides sustainable livelihood for the next generations” (Zoomers, 2001:15).

Harmonizing with Helmore and Singh’s (2005) contribution, the SLA does not conceive sustainability only in reference to environmental or cross-generational sustainability. It goes further, examining livelihoods as systems, their resource endowment, their relationship with policy and capacity of change. To be sustainable then, a livelihood should accomplish:

- a) **Economic Efficiency** in terms of rational use of resources and optimization of capacity.

- b) **Social equity** where one form of livelihood should not disrupt options for others, but rather enhance them through interaction in various areas of life.
- c) **Ecological integrity** by respecting environmental conditions, preserving or restoring resources for generations to come.
- d) **Resilience** in terms of being able to cope with, and recover from shocks and stresses. In other words, they must be flexible and resourceful enough to generate strategies to overcome crisis.

For such an approach to make the link with political economy, the limitation to overcome is to move from considering livelihoods within a linear process of assets' accumulation and capabilities' attainment; and rather elaborate on the historical process of livelihoods construction under power dimensions (Kay, 2005). This way, the SLA will aim to respond to current policy concerns, focusing in the way people make sense of the greater structural changes, global trends, and macro-explanations of development.

2.4 The Link with AD Livelihoods: Analytical Framework

The Sustainable Livelihoods Approach serves the purpose of the present work as a perspective and method to disentangle the key elements of livelihoods sustainability under influence of the Alternative Development initiative. The fact that the methodology for such an analysis can tend to become overloaded with elements (and far from being exhaustive, can make it exhausting), the key - as Scoones (1998:13) points out - will be to identify the major tradeoffs in every area of analysis and apply the principle of "optimal ignorance". This refers to the importance of not knowing it all, but knowing what is necessary for a consistent result.

The Alternative Development initiative is based on the purpose of providing producers with multi-dimensional assets that facilitate the consolidation of viable and sustainable productive and living conditions distanced from coca.

In this context, producers define a set of goals that in their best perception would and should improve their opportunities. Here, the achievement of these goals requires external assistance, strategies, political opportunity and agency to handle the influence of structures and processes that govern the access to resources within counter-narcotics policy.

From this reasoning, the analytical framework for the present work links the elements of analysis of the SLA with the reality of the producers in the Chapare region, under the AD umbrella. In this way, theory can be combined with practice, responding to the objective of identifying the contribution of the AD initiative to the consolidation of potential sustainable livelihoods.

CHAPTER III

STRUCTURES AND RELATIONS THAT GOVERN THE AD INITIATIVE

Analyzing livelihoods in the Chapare region requires the incorporation of structures and relations that take place globally, nationally and locally, as we deal with a rural development effort that is associated with counter-narcotics policy. The present chapter aims to identify the structures and relations that govern the definition of counter-narcotics policy and the Alternative Development initiative in Bolivia, most recently consolidated in the Alternative Development Plan 2004-2008. The analysis will explore the different stages of implementation, degree of response and the revision that the initiative received in order to improve the process of economic transformation and social and political stabilization of the Chapare region.

3.1 The Chapare Region and the Emergence of Coca Production

The causes of deprived conditions in the rural regions in Bolivia relate in principle to increasing deterioration of subsistence options in the highlands. Colonization programs promoted by the government in the 1980's ensured migration of rural populations from the highlands to the lowlands as a response to a seven-year drought that had devastated productive conditions; and to the closure of tin and natural gas state industries (under structural adjustment) that had left households without primary sources of income (Lupu, 2004: 412). Colonization to lowlands, such as the Chapare region, became the best response for providing impoverished populations with new options for subsistence.

Covering an area of 3,793.000 hectares of rainy, subtropical land with an exceptional wealth of flora and fauna (PDAR, 2004), the Chapare region offered options to consolidate new livelihoods and embark in alternative production and employment opportunities (Sanabria, 1996); options not always linked to licit practices.

Associated with the cocaine industry boom, coca cultivation opened opportunities for producers to insert themselves in the coca-cocaine cycle, where production was much more

profitable than any other activity at the time and government presence with counter-narcotic actions was nil.

3.2 Establishing the Fundamentals: Giving Coca a Legal Dimension

Since 1974, and aligned with the “shared responsibility of nations”, Bolivia participated in various United Nations and regional conventions to discuss the drug market concern. After various global encounters, it was finally in 1998 that the Bolivian government adopted legislative and administrative measures to tackle supply and demand of narcotics, passing Law 1008: “Law on the Regime Applicable to Coca and Controlled Substances”. This law fell within the resolution from the UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.

The law established a legal dimension to coca cultivation, still valid at present. It dictated that coca production, destined beyond traditional uses of the Andean culture (chewing, rituals or medicine) or other forms of industrial or personal use that did not alter human health or provoke pharmaco-dependent behaviour, would become a criminal offence (Article no. 2, 4 and 5).

Out of the approximately 50,000 hectares of coca cultivation existent in the country at the time of passing, the law mapped out characteristics of coca producing regions, and established that only 12,000 hectares would be authorized for use in meeting licit demand. This way, coca production areas were categorized into three groupings: i) *Area of traditional production*, where coca has been cultivated historically, socially and agro-ecologically; ii) *Area of excessive production and in transition*, where coca cultivation has been a result of spontaneous or directed colonization processes, which have responded to the increasing demand for illicit uses, and iii) *Area of illicit production*, any other region where coca cultivation generates (Articles 8 to 10). The entire Chapare region fell under the excessive and transition category, in which counter-narcotics policy would be applied under an institutional structure with four operational initiatives: (1) Eradication (2) Alternative Development (3) Interdiction and (4) Prevention and Rehabilitation. Up to this

stage, the framing of the coca problem was limited to production patterns, failing to recognize the fact that production had a human face that would feel the impact of these reforms.

Due to all radical measures Law 1008 dictated, initial resistance from producers in the Chapare region germinated from the moment it was passed. Producers condemned it as an unclear rule, where the categorization of coca production areas was made arbitrarily and the quantification of legal market demand was not realistic, all under a manipulated policy-decision sphere. Producers claimed that no space for participation had been provided when drafting and passing the law, and more importantly when determining the alternatives to be introduced in replacement of coca.

Despite these responses, the government launched the initiatives, beginning with voluntary compensation systems, where for every hectare of coca eradicated, producers would receive up to US\$ 2,500, or cattle or other assets in order to establish new productive activities.

Compensation methods were implemented but showed ineffectiveness due to their limited scope and discontinuity. Due to these weaknesses, the process became a vicious cycle of producers eradicating, receiving compensation and using that money to establish new cultivation areas in regions where government surveillance was not yet intense.

3.3 Putting the Legal Framework in Practice: The Dignity Plan and USAID

Ten years after Law 1008 was passed, the first stage of initiatives undertaken had proven ineffective in reducing coca cropping and introducing viable alternatives⁷. In 1998 the national government took a new direction, launching the “Dignity Plan”, putting an end to all previous compensation systems.

⁷ All previous attempts were part of the Integrated Plan for Development and Substitution (PIDYS).

With the aim of intensifying policy, the Eradication initiative was enlarged, establishing a “zero coca” quinquennial goal which would guarantee elimination of all coca cultivation in the region by 2003. It contained rigid eradication quotas of 5,000 to 8,000 hectares per year, involving substantial mobilization of military forces. At the same time, the Alternative Development initiative was also enlarged, increasing the area of coverage of rural development projects to 561,000 hectares, with strong emphasis on alternative agricultural practices and broadening the agenda to include off-farm areas of attention.

The Dignity Plan promoted alternative cash crops, prioritizing banana, palm heart, pepper, passion fruit and pineapple, plus a diverse group of 73 other minor crops. Cultivation of these products was intended to allow producers to improve their economic conditions and achieve improved livelihood, while at the same time de-linking them from the coca production chain.

This lofty goal was however beyond the limitations of the national budget, thus requiring a higher level of international cooperation and funds. The government sought the participation of donor agencies such as USAID, UNODC, EU, OAE, and government assistance from Belgium, Brazil, Spain, and Japan. Donor assistance was either in the form of funding or getting involved in the implementation of projects according to their own development agendas.

Coming on board in 1999 as the biggest supporter to the Dignity Plan, USAID focussed its programming on agricultural substitution. Assistance to producers consisted of the provision of planting material for new crops, research and agricultural technology transfer, marketing and investment promotion, road and productive infrastructure, strengthening of agricultural organizations, environmental evaluations, and information systems⁸. The notion of Alternative Development in this context placed clear emphasis on agricultural practices, reflecting the development agenda of an international donor.

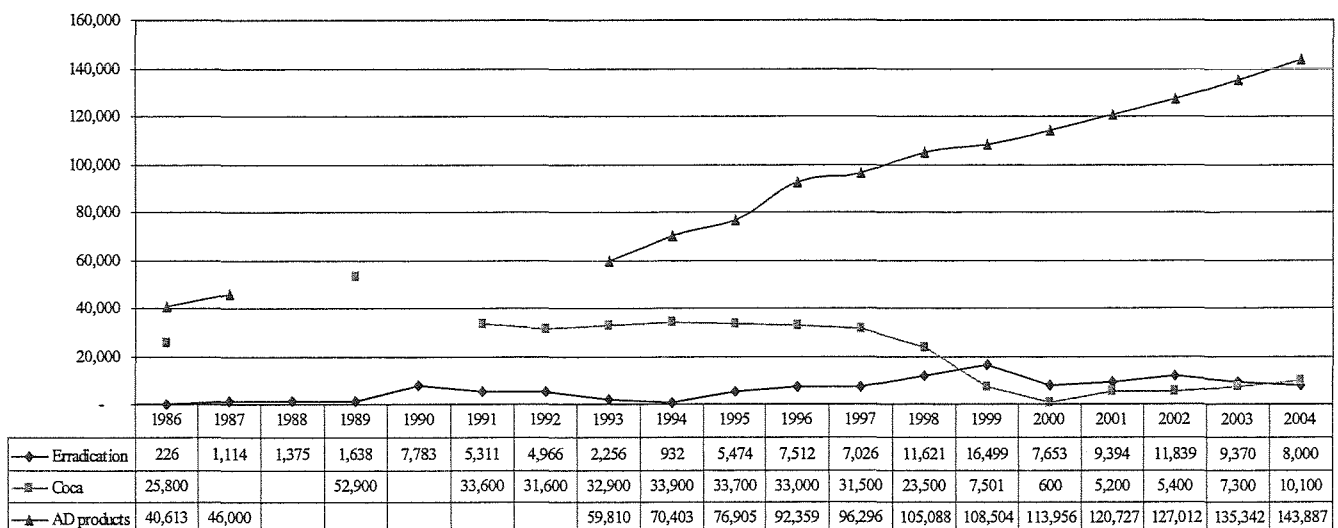
⁸ Unexplored Business Opportunities, What is CONCADE Project?, 2003:5

At the time, US foreign policy was heavily influenced by its national campaign of the “War on Drugs”, leading to a series of bilateral programs with Bolivia, Colombia, Ecuador and Peru, Brazil, Panama and Venezuela. Cooperation initiatives with USAID required the signing of letters of agreement, conceding power over the ability to influence counter-narcotics policy, being the Dignity Plan the first example of this⁹.

Reviewing the trajectory in numbers, Law 1008 was passed at the end of the 1980’s, corresponding to the peak period in coca cultivation in the Chapare region (52,900 hectares). From this point on, gradual decreases were evident until 1998, but not as considerable as expected (see Graph 2).

Thereafter, the Dignity Plan departed from a baseline of the existing 32,500 hectares and radicalized actions, utilizing binding mechanisms in an attempt to reach the “zero coca” goal by 2000. Trends in successful eradication were seen by 2000, however from 2002 on, coca cultivation again began accelerating, continuing this trend until today and in other areas of the country.

Graph 2. Evolution of Coca and Licit Crops' Cultivation in the Chapare Region (in hectares)



Sources: UNODC, VIMDESAL, CEDIB, US Department of State

◆ Eradication ■ Coca ▲ AD products

⁹ US National Drug Control Strategy FY2005

On the other side, licit crops did sustain a growth trend since 1993, at first sight signalling positive achievement in the process of economic transition; however, evidence of improved livelihoods in the region has not been established.

In broader terms, what the graph brings to attention is that despite the intensification of eradication actions (particularly noted by the rapid drop from 1997-2000) and the positive trend of licit crop production, coca cultivation has perpetuated in the region. Not only does this situation signify unmet goals of the previous stages of counter-narcotics policy application, it also reflects social and political responses generated as producers' livelihoods were being affected.

3.4 The AD initiative and its Discontents: Differentiation and Resistance

“Since local understandings and knowledge have a filtering effect on externally generated policies, they are contested because they impinge on the re-organization of everyday life” (Arce, 2003:207). Government counter-narcotics policy in Bolivia had attempted to respond to the coca problem in an effective manner; unfortunately, the accomplishment of this goal also brought with it critical alterations to the social base.

Envisioning an alternative social base de-linked from coca, AD assistance on agricultural production was conditioned on the creation of *associations*, as new organizational form representing those producers that opted for alternative cultivation practices. Hence, joining an association resulted in being distanced from coca producer *unions*.

Unions were the initial organizational form in the Chapare region, created parallel to the colonization process and adopting the same structure as the miners' trade unions in Bolivia, only now formed mostly by coca producers. These organizations adopted the organizational and political role that government had not fulfilled, and became very determinant in the configuration of social movements and labour representation in the country.

Coca producers' unions were then the "collective unit relating to outside institutions and the ultimate authority in intra-community affairs" (Sanabria, 1996: 33). Comprised of a range of thirty to eighty affiliates, they instated a set of social, political and economic rules and regulations, being attributed the power to concede its affiliates usufruct rights to use of land, to dictate conditions of communal work, and to carry out political representation at the level of *centrales* (groups of unions) and *federaciones* (groups of centrales).

Ever since the AD initiative was implemented, producers would only be assisted in agricultural practices once they had become members of associations. Therefore, besides being the main element for economic transition, Alternative Development also became the main instrument to generate social differentiation, where AD assisted producers became a new actor in the scene, having opted for the opportunities that AD projects provided but also being conscious of the stresses that having "betrayed" the coca producers and the unions would bring.

Unions' resistance to the overall counter-narcotic policy was then composed not only of the economic but also the social and political discontent with the Alternative Development initiative. In order to make this public, they generated a social movement that openly opposed the continuation of Eradication and Alternative Development in the Chapare region until 2002. That year, it became evident that the social movement had found political momentum, gathering support from several economic and social sectors and successfully winning a second-place position in government elections, through its political party *Movimiento al Socialismo - MAS*.

Armed with a considerable political presence in Congress and at the municipal level (under the decentralized administrative system in Bolivia), coca producers - through their representation - began a more radical claim of "the recognition of social organizations as protagonists of their own destiny", demanding "their right to build their own future"¹⁰. They consistently demanded the backing out of USAID intervention, accusing the US of imperialist involvement in repressive and unsuccessful counter-narcotic actions and

¹⁰ Presented in their website: <http://www.masbolivia.org>

development projects that served other interests more than the improvement of living conditions of those in need. They urged for the de-criminalization of coca and the promotion of licit markets and industry in which to process the product.

In 2004, the coca producers' demands were finally settled through an agreement with the government to modify Law 1008 and review the Alternative Development initiative. Regarding modifications to the law, the agreement conceded authorization to cultivation of coca in a maximum area of 3,200 hectares within the Chapare region, under the condition of this right being granted to the 23,000 registered affiliates of the unions¹¹, with a maximum individual cultivation limit of one cato (1,600 sq. meters). Additionally, a commission was to be formed in order to facilitate a study of coca leaf demand in order to review the 12.000 hectare limit for licit purposes.

In terms of the review of the Alternative Development initiative, the Bolivian government committed to a process of re-orientation and re-definition of development priorities for the Chapare region, according to the demands of the various actors involved, in order to overcome the existing tension.

3.5 Renewing Policy: the Alternative Development Plan 2004-2008

Aside from the pressures and tensions within the coca debate, 2004 signified a year of crisis in Bolivia, derived from accumulated economic constraints, social discontent and political instability. An uncontrollable level of social unrest was reflected by the numerous mobilizations and confrontations, resulting in no-less than four presidential replacements since 1999.

At this point it was evident that government policy lacked the capacity to respond to the 63% of population living in poverty; a situation even more critical in rural and indigenous regions, with 81.7% living under the poverty line - 58.8% of which in extreme poverty¹².

¹¹ Agreement signed by government and union representatives on October 3rd, 2004.
<http://www.narconews.com/Issue34/article1078.html>.

¹² Sources: official documents of the Bolivian Government, see references.

The limitations of counter-narcotics policy had triggered resistance in coca producers, which manifested itself through massive mobilizations and violent responses in the region. From the AD producers' side, productive and market limitations for licit crops fostered dissatisfaction and created a challenge in meeting basic subsistence conditions.

The government's acknowledgement of its policy failure and lack of capacity to improve the economic, social and political conditions of the poor resulted in the setting of an agenda to review the development initiatives, and for the first time, included a review of the counter-narcotic strategy.

In an attempt to amend for past faults, the government launched the National Plan for Alternative Development 2004-2008, replacing the previous Dignity Plan. It still maintained the concept of Alternative Development as the instrument to eliminate existing and halt further expansion of illegal cultivation of coca. However, this transition would not be achieved only through agricultural transformation, but also by incorporating the generation of rural jobs, alternative income generating activities and basic service provision to the thousands of families in the region. Its renewed objective – as stated in the Plan – is to “modify the economic and social dynamic generated by the production of coca and its illicit derivatives, through the complimenting, broadening and consolidating of the current socioeconomic development conditions, in order to ensure sufficient employment and income for the producer and his/her family inside a sustainability framework”.

The Plan recognizes that Alternative Development has been a process evolving from simple crop substitution activities, to then acquiring an integral rural development perspective, and now transitioning to a sustainable development effort. However, a lack of consistency in the use of concepts such as “Alternative Development”, “Integrated Rural Development”, “Sustainable Development” and their multiple perspectives (both complementary and contrasting) overload the Plan's intended logic, extending the horizon of development efforts in such a way that once again challenges government, international cooperation and certainly local capacity to absorb the multi-dimensional areas of attention.

Among the positive sides of the Plan, it now attempts to improve the role of the state as facilitator of economic, social and political transformation of the coca producing regions, taking in consideration the difficulties of the past and the demands of the present. On this, four areas of attention define a new facilitating role: economic development; social development; natural resources management and environment and institutional development, democracy and governance. The programmatic strategy for each area is defined by a series of programs assigned a determined level of priority, according to the needs of the interest groups involved in the design of this new AD effort.

Table 1. Programmatic Structure of the Alternative Development Plan 2004-2008.

	Economic Development Main Goal: Increase productivity and competitiveness of alternative economic practices.
A	Agricultural Development.
B	Agro industrial Development.
A	Tourism Development.
B	Micro enterprise Development.
B	Applied research.
B	Technology transfer systems.
B	Credit.
A	Structuring and strengthening of productive chains.
A	Irrigation systems.
A	Promotion and marketing of ADP products.
B	Productive and Commercialization infrastructure (markets, packing centres, cooling chambers).
A	Construction, maintenance and improvement of primary and secondary roads.
B	Development and Consolidation of fluvial and aerial infrastructure.
B	Development of energetic infrastructure (gas, electricity, solar panels).
A	Implementation of tourist circuits.
A	Training for employment generation programs.
	Social Development Main Goal: Broaden access to health care services, education, basic services and electricity.
C	Construction and improvement of rural housing.
B	Broadening and improvement of potable water and sewer systems, plus solid residuals treatment.
B	Construction, improvement and equipment of hospitals and health centres.
B	Support to implementation of epidemiologic campaigns.
B	Construction, improvement and equipment of schools and teachers houses.
A	Improvement of non-formal training.
	Natural Resources Management and Environment Main Goal: Conservation of natural resources and preservation of the environment.
B	Agro-forestry
A	Forest management and reforestation
B	Transformation and commercialization of forest products.
A	Promote territorial zoning plans.
	Institutional Development Main Goal: Optimize institutional capacity and projects and program's impact.
B	Institutional strengthening of public offices at municipal levels
A	Institutional strengthening of producer organizations.
A	Communication and diffusion.
C	Information networks.
A	Cadastral mapping, land registry and titling.
B	Strengthening of the justice administration system.
A	Conflict management and prevention.
A	Citizen participation and democracy strengthening.

Source: National Plan of Alternative Development 2004-2008.

With a new structure and prioritization (Table 1), the Plan attempts to redefine Alternative Development in such a way that combines the interests of government, producers, private initiative, international cooperation and others. It shows a clearer commitment to a more holistic conceptualization of the coca problem, possible solutions and important stakeholders.

3.6 The Bolivian Protostate within Counter-Narcotics Policy

Along the application and amendment of counter-narcotic policy, unions have confronted government as the primary and basically sole representatives of producers in the Chapare region. This has led the government to assume that the reality unions claim, represents all livelihoods in the region, and is reinforced in the definition, negotiation, discussion and implementation of national strategies directed to Eradication and Alternative Development.

Furthermore, in structuring the debate under these terms, stress is placed on concepts such as the “collateral damage” (Youngers, 2004) of government policy on coca producers’ livelihoods, ‘cultural identity’ and sovereignty, which are used as value claims in defence of the right to grow coca.

Thus, the failure of government to open the debate to alternative actors and the lop-sided attention paid to coca producers has translated into a process of partial concessions and short term solutions. In a response to pressure tactics from the coca producers (such as roadblocks), the government has resorted to counter-responses, (such as superficial negotiations) to act as quick tension relievers. This back-and-forth has resulted in a continuously changing operating environment for everyone related to the Chapare region. Long term solutions do not appear to be forthcoming, opening up the potential for further generation of discontents.

Counter-narcotic policy has by nature a negative perception, especially at the field level where it takes effect. Alternative Development actions are thought to have generated some benefits to some producers although they still they do not promise a feasible option for all,

as does the case of coca (Spedding, 2005). Government action has perpetuated this negative perception, lacking an ability to promote alternative successes. Achievements of AD actions have been under-publicized and AD producers as well as other actors from the Chapare region have remained invisible beside coca producers.

The Bolivian state in terms of counter-narcotic policy has taken the form of a “protostate”, a typology of state which Cox (1987:218) exemplifies as “political structures that try more or less successfully to monopolize the capacity of exercising political force within the national territory but have not acquired a firm social base or consent or the administrative capacity to formulate and apply effective economic policies”.

At present, political will and government actions respond to those groups that exert more pressure, failing to respond to the needs and conditions of all. The review of Law 1008 has been a step in the right direction, and now the study of demand for coca destined to legal uses opens a new option¹³. In any case, it remains difficult to assert that this policy amendment softens the rigidities in which the coca problem has been treated in the past; or if it is just a mechanism to palliate and stabilize the social, economic and political situation in the country.

¹³ Government and coca producers have agreed to constitute a shared directory, which will be constituted by representatives of government, municipal units, unions and associations. First task to come: the elaboration of a market study for supply and demand of coca leaf. (Los Tiempos News Paper, September 18, 2005)

CHAPTER IV

LIVELIHOODS AND SUSTAINABILITY WITHIN THE AD INITIATIVE

Alternative Development actions are defined under a policy structure which aims to transform livelihoods' meanings, capabilities and asset composition. It works through facilitating alternative channels of access to resources in the vision of consolidating new living conditions, sustainable over time.

Based on the elements that define a sustainable livelihood, the present chapter explores the contribution of AD actions in four areas: economic efficiency, social equity, ecological integrity and resilience. It is hoped that this analysis will bring to light the current state of AD producer livelihoods, paying attention to the values and meanings they have built in relation to coca cultivation and its substitution, the capital assets they have gained access to through the AD actions and the way these assets have allowed them to broaden their possibilities to consolidate sustainable living conditions.

4.1 The Fundamentals of Livelihoods in the Chapare Region

The producers established in the Chapare region are either first or second generations of migrant populations from the valleys and highlands of Bolivia, which mobilized to the Chapare region in search of better opportunities.

These colonizing groups brought with them a diversity of domestic family models of organization (Spedding 2005:7), whose economic activity in origin was mainly related to agriculture, commerce, and mining. The degree to which households became inserted into the coca production chain varied, and was defined by the initial degree of access to productive means available in the region. For example, some producers obtained land from the colonization programs and established their own coca plot; others were employed in productive activities related to the coca crop cycle; while others made local arrangements (termed 'partidarios') where they would have access to land and production of coca under

the responsibility of taking care of the cultivation and dividing the yields with the owner of the land.

In 1988, Law 1008 brought to formality the eradication and substitution strategies based initially on voluntary compensation mechanisms for producers to integrate into licit economic activities. This process provided the producer with a fund of approximately US\$ 2,500/hectare/family as initial capital for alternative agricultural practices, or otherwise provided planting material, livestock or other productive assets for transition. However, it is not clear what criteria was used to determine the resources producers would receive; no public documentation is found on the processes undertaken to allocate resources for the transitioned producers. It appears that farmers received resources randomly according to availability.

Additionally, because policies in general lacked credibility, producers were reluctant to voluntarily eradicate their coca crops and fully dedicate themselves to the introduction of alternative crops, unless coca cultivation was not an option. Producers would voluntarily substitute their coca crops when: their income was affected by low prices due to an over-supply of coca in their regions; their crop had reached the end of its productive life; was affected by disease that they were unable to control; when they wanted monetary compensation to finance production in other regions where the eradication forces were not yet active; and finally, when social influences and stresses motivated producers to opt towards associations rather than unions (Spedding 2005: 45).

When the Dignity Plan began in 1999 and Eradication took on a binding nature, producers were subjected to crop elimination and left with the option to integrate or not into the Alternative Development initiative.

As a result of this migration and insertion into the productive system in the region, one cannot claim that the producers possess characteristics of peasantry, as such. They maintain economic characteristics of peasantry in terms of ensuring subsistence; assessing

risk; and dependence on land, labour and capital assets. However, they differ in the level of community cohesion.

Even though unions gather producers and define levels of consensus and social organization, their scope in terms of community cohesion seems limited to political representation and access to resources. For other areas of life, the sense of community in producers does not prevail as they undertake individual decision-making processes regarding economic practices and social behaviour, both defined according to how subsistence and accumulation needs are satisfied. Due to this, the way livelihoods are viewed in the Chapare region requires a vision of the rural at a more synergic process in a world based on market relations and broader structures (Ellis, 2003).

4.2 Livelihood Goals and Risk Management: AD as an Option

Livelihood goals depart from the producer's aspiration of capitalizing, investing, acquiring land, improving housing conditions, educating their children and providing them with opportunities that they did not have access to previously (Spedding, 2005).

Livelihood goals are defined in relation to principles and values socially constructed, grounded on necessities that must be attended and options that could be expanded, so that they guarantee subsistence and sustainability of the household. This way, livelihood goals will determine various forms of economic, social and political participation.

The process of substitution of economic practices and transformation of the Chapare region through the AD initiative has resulted in the formation of two main categories of producers: those who were subjected to eradication, decided to participate in the AD actions and would receive assistance of the projects by joining associations; and - on the other hand - those who were subjected to eradication but still defend their right to produce coca, maintain exclusive membership to unions, and have decided not to participate in the AD actions.

The decision to participate or not in AD actions becomes in most cases an individual exercise of balancing costs and benefits of being a coca producer versus those of embarking on a new productive activity. Coca production remains a better income-generating agricultural activity as the crop is less input demanding than any other and can be harvested more frequently. Additionally, the market prices for this product are relatively stable and even increase when eradication is intensified (when coca cultivation areas decrease, the price for existing coca rises), and no direct competitor operates in the region. Nonetheless, the discouraging part of this activity is the legal surveillance and social stresses it produces. Producers live under the continuous threat of being intervened by government eradication forces, or becoming involved in violent confrontations that typically occur.

For those who have experienced these risks and have become adverse to living under such conditions, participating in the Alternative Development initiative has provided the option to access new resources and assets otherwise unavailable in the region. The underlying assumption here is that the contribution that Alternative Development assistance makes to producers is expected to compensate for the economic sacrifices of stopping growing coca, offering not only material means and assets but generating safer and broader environments for them to sustain and develop their livelihoods.

4.3.1 Contribution I: Alternative Development and Economic Efficiency

“Fifteen years have passed. The Chapare region in an exceptional rural area: with roads and electricity, a comparative higher density of schools and health centers and a more diversified economy”¹⁴. Alternative Development assistance has reached approximately 30,000 families¹⁵, who now dedicate themselves to new economic activities, access new social services and participate in processes of improving human capacities and environmental conditions.

¹⁴ La Serna in La Razón Newspaper, Sunday October 13, 2002. Own translation.

¹⁵ Memoria 2004 Desarrollo Alternativo Integral.

The AD actions in the period 1983-2003 have utilized a total of US\$ 480 million, averaging US\$ 22.8 million per year¹⁶. The big critique - although not to be explored in this study - is that projects have been irrational in the use of resources, and the majority of funding has been destined to cover the institutional, professional and operational requirements of the project itself, rather than really reaching the beneficiaries.

The underlying criteria to value the contribution of AD actions holds that, for substitution to be effective and worthwhile, it should have achieved consolidation of productive chains equally or more profitable than coca (Tellería, 2002). In these terms, the viability of alternative agricultural practices leads to comparative economic analysis of AD products in contrast to coca.

Data shows that AD assisted families in the Chapare region enjoy more favourable economic conditions, currently generating an annual income of approximately US\$ 2,390, which is 961 dollars higher than farm income generated by families that did not receive support. In other line of comparison, if we consider a family of 3 members economically active under minimum wage in Bolivia (US\$ 770 a year/person), the AD initiative again seems to produce favourable results.

However, broadening the analysis, it is estimated that a coca producer can generate up to US\$ 10,000 per hectare a year (Tellería et al. 2002:31). The nature of the crop allows less labour and care than others, can be harvested up to 4 times a year, commercialized on-farm and – if linked to illicit ends - has high prices and increasing demand in the region (Tellería, 2002; Spedding, 2004).

Departing from these differences, a comparative economic analysis of coca versus alternative agricultural products can lead to vague results, as no parameter can make a licit and an illicit practice equivalent. Yet, it is still important to identify how viable alternatives are for producers, which can be done by exploring the productivity that AD assisted producers have achieved versus those not assisted (but are producing licit

¹⁶ Plan Nacional de Desarrollo Alternativo 2004-2008

products). Hence, the hypothesis would be that those producers assisted by AD projects should show evidence of better endowment of resources, better access to services and therefore, higher levels of productivity.

Data from 2003 shows that producers unassisted by the AD initiative generated an average agricultural product value of US\$ 798/year. On the other hand, those who were assisted generated on average up to US\$ 1,253. However, this data does not show in detail whether the agricultural product value differential was attributable in principle to AD assistance, or perhaps to other variables.

Qualitatively, producers stress that their productive capacity and quality levels are limitations in generating stable and sustainable harvests. This results in restricted participation in the market and higher efforts required in specific areas of production.

“If a person dedicates totally to production and gives less importance to the coca-linked activities, they can generate money and be better producers. The problem is only about motivating people to work and intensify production.”

“Butchers come and beg me to sell livestock to them, but I don’t have enough”

“Currently one Argentine client buys 60% of all banana production of the Chapare. Once Ecuador turns its market to China, we can access markets in South America.”

“I have never had excess production...I realize I have to produce more and more”

4.3.1.1 The Determinants of Productivity

In order to discover those elements that have higher influence on productivity and to capture the benefits from the AD projects to the producers, three econometric models are estimated to measure the contribution of the interventions to the product value of agricultural activity (proxy for productivity).

The models consider:

- (1) The total agricultural product value explained by the capital endowment characteristics that producers have.
- (2) The total agricultural product value explained by the fact of being or not being assisted by the AD projects; controlling for the capital endowment characteristics of the producers.
- (3) The total agricultural product value explained by the capital asset endowments provided by the AD projects; controlling for (a) the fact of being assisted or not assisted, and (b) the capital endowments the producers have.

The OLS results for agricultural product value in the three scenarios (Table 2) show that land tenure status evidences statistical significance only when the producer has control of the plot as proprietary, proprietary like, or when renting land under the *anticrético*¹⁷ modality.

Additionally, the magnitude of the effect of land tenure over productivity is higher in scenario 3, under the influence of AD projects. It means for example, that producers who have land titles achieve higher levels of productivity, and this effect can be even greater when assisted by the AD projects.

Unfortunately, what can be seen in the field is that the activities of cadastral mapping, land sanitation and entitlement listed in the AD initiative (see chapter III) have been slow in implementation and not accessible to all; therefore even if statistically significant, the initiative is still minor in scope to all producers.

¹⁷ Rental (*anticrético*) is a modality in which a producer makes a reimbursable down payment to a land owner of a certain amount at the initial time of an agreed period. This down payment permits use of the land without any conditions. After the period of time elapses, the owner of the land reimburses the producer the full amount of the deposit. Hence, the producer gets use of the land in exchange for allowing the landowner use of the money during the period.

Table 2. Determinants of Total Agricultural Product Value

Variable	Producer Characteristics	Assisted/ non Assisted	Capital endowments with which is assisted
Log (total agricultural product value in US dollars)			
Lant tenure status			
Propietary	0.4992198 **	0.4763698 **	0.5735319 **
Propietary like	0.4070527 ***	0.3957209 ***	0.5325953 **
Partition	0.519859	0.5361116	0.5297392
Rental (anticretico)	1.669863 **	1.855803 **	1.790292 **
Communitarian	0.4914978	0.4209432	0.4902477
Log (share of extension under cultivation from total extension in hectares)	0.6890118 **	0.6715065 **	0.6112655 **
Tenure of other land in the Chapare region	0.1517548 **	0.1323762 ***	0.0935589
Log (Share of family members working in the APU from total family member	-0.0795136	-0.0692817	-0.0655979
Education			
None	-0.4043868 ***	-0.380927 ***	-0.4158001 ***
Literate	-0.3224801	-0.3006292	-0.3095859
Primary	-0.0066333	0.0036131	0.000114
Secondary	0.2796262	0.2800715	0.2299426
Technical	0.8215209	0.7996259	0.6619556
Undergraduate	-0.1277427	-0.087034	-0.0105198
log(Years working in the APU)	0.1241759 **	0.1290172 **	0.1042543 **
Membership in other associations	0.0903993	0.0458083	0.0515956
Producer Assisted by the ADP		0.2812341 **	0.1914106 **
Reception of technical assistance in activities related to the APU.			0.050203
Infrastructure endowment			
Cableways			0.0605302
Packing Centers			1.116414 **
Cooling Chambers			-0.2078016
Equipment Storage			-0.7383532
Agrochemicals Storage			0.3998167
Road access			0.558243 **
Obtainment of credit			0.3836699 **
Intercept	6.168748 **	5.95296 **	5.344699 **
Number of observations	1807	1807	1799
Goodness of fit	0.2213	0.2282	0.2642

** Statistically significant at 5% and 10% *** Statistically significant at 10%

Producers have attempted coming together to request entitling processes through the associations. However, as the unions control municipal governments, they tend to delay these initiatives as they can harm personal interests. Land still represents a leverage element for the union to control allocation of resources in the region.

I was kicked off and re-assigned the same land by the union several times. One time union members had all my belongings taken out of my house so I would leave the land. There have been violent confrontations with them, which I denounce to the police, resulting in the union representative being jailed, and I recovered the land.

Access to land remains highly associated with the unions' authority. Alternative market options to acquire land are either non-existent or beyond the capacity of the household¹⁸ (Spedding, 2004). Alternative modalities may result from informal agreements among producers, although in general terms none of them provide a secure system of ensuring exclusive rights over the resource.

Regarding land extension under cultivation and its influence over productivity, the positive relationship does not appear consistent with much of the literature on farm-size productivity effects, where productivity would be decreasing marginally as land size increases. Although in this case, the considerable positive impact that increasing land has on product value can be explained by the fact that AD crops are extensive rather than intensive crops, requiring for their productive expansion the augmentation of agricultural frontier. The elasticity of product value with respect to cultivated area is higher in the first model (0.68) when not considering the influence of AD.

As the cultivation of alternative products requires broadening of the agricultural frontier, producers' land tenure in other areas of the Chapare region grows, positively contributing to productivity, but only statistically significant under no influence of AD (model 1). The influence of AD in this matter is not significant, as the program does not provide the asset or does not intervene in land allocation as part of its agenda.

Regarding labour, the availability of household members dedicated to the APU shows negative effect on product value generation and no statistical significance. Labor utilized on AD products is a combination of family labor and daily and permanent laborers; it is possible that laborers have robust impact on productivity due to experience or other factors; however, information was limited on this element as this form of labor is only available for producers that can afford the \$US 2.50/day or \$US 150 per month expense.

Labor capacities displaced from coca are somehow absorbed by licit cultivation systems, not in the same volume of course but still generating off-farm options. Note that a

¹⁸ Plot prices vary according to the extension, the crop and the region. Examples of this vary from \$US 600 for a 5 hectare plot with orange and coca crops; or US\$ 9,000 for 250 hectares with no crop established.

permanent laborer in this case can generate three times the minimum national income in one month or; alternatively, daily laborers hired for packing have the possibility of earning minimum daily wage (around \$US 4/day) in times of exports.

Aside from production factors, and in relation to human and social capital, the generation of product value is positively influenced as formal educational levels of the household head increase; however, none of these levels evidence statistical significance. Instead, experience derived from the years that the producer works in the agricultural unit evidences significant positive influence on product value generation in all scenarios, only in less intensity when the AD assistance takes place.

No statistically significant effect or robust impact of associations' affiliation is evident. Even if affiliation is voluntary and assistance is ensured through AD projects, these organizations still lack operational capacity and presence in the region.

The fact of being assisted by AD projects evidences a positive and statistically significant effect on product value generation (model 2), confirming that the AD actions do contribute to the economic efficiency of licit production systems and – as pointed out earlier - the generation of higher levels of product value.

Participation in agricultural training and extension programs has a positive influence of product value generation, although in minor dimensions and with no statistical significance. Participation itself should not be considered as a direct influence over productivity; the way this participation becomes applied knowledge or skills used would better capture the influence on productivity and economic efficiency.

Focusing on model 3 and the influence of infrastructure assets that AD projects provide, positive and statistically significant impacts are only evident from road access and packing centers. Cableways, cooling chambers, equipment and agrochemical storage centres report non significant impact to productivity, as these variables are relevant elements only when producers are highly specialized in export production, and have acquired bigger productive scale (not the case of all producers at present).

“We couldn’t fill three containers when we got the first export contract to Argentina. We pooled as many people as possible and learned as fast as we could to fulfil it”.

Credit evidences statistical significance as well as high positive influence on product value generation. AD projects do not provide direct credit to producers, instead either promoting private financial institutions to work in the region or through providing small grants. In any case, credit options remain very limited due to the lack of financial institutional presence and/or the producer’s inability to qualify for formal market financing programs. Credit lines are mostly generated among producers or associations under particular agreements derived from mutual consent.

In summary, the levels of productivity are being influenced by a varied array of elements that are either explained by the particularities of producer households or by the contribution of the AD projects. In any case, the productive capacity of farmers is still limited when dedicated to crops alternative to coca. Many restrictions and limitations in terms of access to resources still exist; even if accessed, their use is not producing a significant impact on product value generation.

Alternative products still do not show as many economic benefits as coca; however, producers remain dedicated to these crops, absorbing the losses in times of market restrictions or production failures, and admirably still seeing themselves with the capacity to consolidate stable and continuous productive systems of licit products.

Despite the fact that the AD projects have at times provided support for cushioning losses, producers still live under the continuous stress of both guaranteeing the initial capital necessary to launch the yearly agricultural campaign, and satisfying the needs in the household. How is it that these producers can generate the means to subsist and become sustainable over time?

4.3.1.2 The Sustainable Economic Solution: Coca Light

Even though the AD initiative has historically been conditioned on the eradication of coca, producers at this moment can not be realistically separated into coca and non-coca producer categories. This situation becomes clearer as we see that from the total 150,000 inhabitants in the Chapare (Census 2002)¹⁹; nearly 35,000 families are estimated to be producing coca and 26,090 families have been assisted by AD projects until 2003. This data indicates that we are probably referring to the same group of producers, only counted from different sides of the debate.

Alternative products have become a reality in the region, and producers seem committed to the optimization and improvement of these systems over time. However, as these systems develop, it proves necessary to guarantee the maintenance and reproduction of livelihoods supported by other income generating activities, where coca still plays an important role.

The “non coca scenario” attempted by AD seems unlikely as long as alternative practices fail to demonstrate real benefit to livelihoods. On the other hand, unions’ struggle for a “full coca scenario” also becomes unlikely as coca remains linked to cocaine production²⁰ and real demand for licit uses remains undefined. The rational economic solution that AD producers have created is a “coca light” scenario, a situation in which the legal cato guarantees income for producers, thus providing support for economic needs as alternative systems stabilize.

Producers recognize the opportunities that AD has generated, not only through the direct provision of productive inputs, but also by providing the experience of accessing new resources, learning to allocate them, reproduce them or even lose them. They have acquired economic rationales that translate into experience in managing assets and generating creative mechanisms in a way that aids productivity and ensures subsistence.

¹⁹ Unexplored Business Opportunities in Bolivia, 2003.

²⁰ 865 tons of coca leaf have been captured from January to October 2005 in Bolivia; amount that can be used to produce 2.3 tons of cocaine. (November 10, ATB Noticias, Tercera Edición)

The combination of these abilities and an amended law that allows legal cultivation of small portions of coca has opened the option for producers to use coca as an asset to finance other productive systems.

Cases show how coca generates the monetary means to finance agricultural campaigns of licit crops, to respond to household needs and to remunerate labour (commonly provided for consumption, alongside wages as a type of work incentive). Hence, combining coca and AD products becomes the economically optimal situation, under social control mechanisms to be analyzed further on.

“Coca production helps to support financing other crops and it is well controlled. If you take coca directly to market, you are expelled from the union and your land is taken”.

4.3.2 Contribution II: Alternative Development and Social Equity

Making reference to the work of Helmore and Naresh (2005), for a development initiative to contribute to the sustainability of livelihoods, it must ensure that the ways households or communities make their livelihoods do not disrupt options for others to do the same. Indeed when possible, one form of livelihood should enhance others, through different relationships that take place between them.

The implementation of the AD initiative produced a re-configuration of social interactions at the producers' level, gradually disrupting the organizational base by introducing the associations as a parallel figure to the unions and intensifying rivalry among producers and their livelihood conditions.

The options for livelihoods to access resources and sustain themselves have been affected by the conditional and non-conditional forms that AD projects have adopted and by the producers' status of being affiliated to an association, a union, or both. Social equity in these terms has become a challenge and government policy failed in facilitating a process in which all livelihoods would have access to options without affecting one another.

4.3.2.1 Non Conditional Alternative Development

AD projects sponsored by the EU Commission and other cooperation agencies do not establish conditionality when defining the type of organizations they would support (associations or unions) or the type of producers to be supported. The agenda of these projects has been distanced from supporting agricultural production and coca substitution strategies as such. Rather, they have focused on the broadening of social services (health, education and others), and capacity building in local governments, to ensure a better social and human environment for the development of livelihoods.

All producers share equal opportunities to access projects in their respective areas of action, indistinctive of the productive activity and organizational form that they affiliate with. However, even if these projects do not limit access in principle and encourage integration of unions and associations, other limitations manifest:

“I have a land title from the previous owner but it is not legally registered. I have tried obtaining entitlement through other programs of the European Union (PRAEDAC). They refuse to collaborate as long as we don’t all agree (unions and associations)”.

AD non conditional projects have contributed with a total of 8 primary and secondary education centres, 30 rural schools, 5 multi-disciplinary centres, 5 libraries, 18 communitarian centres and 2 community halls²¹. The provision of these assets has influenced producers’ aspirations of higher education levels for their children. In the case of AD producers, the increasing number of sons and daughters that attend technical institutes or universities in the region is notable; reflecting the producers’ expectations of receiving benefits from improved capacity to support agricultural systems.

AD producers have generated a new set of values, in which education and the improvement of living conditions becomes a crucial livelihood goal. Producers are convinced that they have not received enough education, due to their own experiences of

²¹ Desarrollo Alternativo Integral, Memoria 2004

working on coca cultivation when it boomed; and the absence of educational centres in the Chapare region at those times. Literacy and instruction have become a new pattern of livelihood, accessible to all.

In the area of basic services, the AD initiative reports the provision of potable water systems to 67 communities and sewer system for another five, benefiting approximately 14,000 families. No matter the contribution, the impact of building potable water and sewer systems will not have considerable impact as long as producers still live in structures covered with tile or calamine roofs, presenting uninhabitable conditions. Housing has never been an area of focus for AD, therefore it could not be evaluated as successful or not, although it constitutes an area of major concern for producers and should be included in the development agenda.

4.3.2.2 Conditional Alternative Development

As a way to enforce the distancing from coca and focus on the development of alternative productive systems, AD projects funded by USAID established a selective criteria when defining the type of producer and the type of organizations to support. Due to this, what started as an operational mechanism to guarantee substitution of coca production practices soon became a mechanism of exclusion in the first years of the initiative.

Today, gradual changes have been made to soften the rigidities and address the problems in the past. USAID funded projects maintain their support to agricultural production through associations but they have also broadened actions, supporting new types of organizations and promoting other off-farm activities. This is the case of the Road Maintenance Associations (known as AMVIs in Spanish), in which for the first time an organization not involved in agricultural production is being supported. The aim of this initiative is to join actors in activities of maintenance and improvement of road systems, overcoming the union-association divide and generating interest and participation of all beneficiaries. The project provides operational capital and equipment for road maintenance in the region, while municipalities contribute a budget portion as counterpart

to sustain the organization, and both affiliates of unions or associations commit their participation in the new organization.

With the amendments that counter-narcotic policy has had, the Alternative Development initiative now includes goals of integration and participation for producers, softening rigidities from the past and attempting to balance for the differentiation created. However, access to resources will still be considerably higher if a producer participates in an association.

In summary, it can be asserted that the AD initiative has not provided equal opportunity to all actors, generating disjuncture in the organizational forms and subjugating producers to the process of choosing affiliation and – as a result - defining their social and political role in the region.

From the process, producers have continuously faced a catch-22 situation, where no matter the decision of organizational affiliation they would make, none of the options are a definitive safe-guard to the economic, social and political conditions in which producers are immersed. Due to this, strategies of survival and rational choice have generated the current sustainable social solution for AD producers: dual participation.

4.3.2.3 The Sustainable Social Solution: The Dual Role

In a way to stabilise the situation and disregarding the restrictions and menaces experienced in the past, AD producers have in most cases made all efforts to overcome difficulties and continue parallel participation in both the unions and associations. This is not only explained as a convenient situation, but more as an intelligent way to ensure balance between their economic functionings (facilitated by the associations) and their social and political functionings (facilitated by the unions).

AD producers contribute to both the association and the union and, even though pressures from the unions are still latent and affect AD livelihoods from time to time, AD producers

recognize that the finalities and roles of both organizational forms differ considerably, therefore access to both is crucial for their sustainability.

“I humble myself, I don’t want to have problems, and respect is more valuable”.

“I have had difficulties with the union as I am seen as a traitor on the side of government.

My response is: I have 10 hectares; it is nonsense to think of having it all with coca because it is not legal anymore and not even thinkable in these times. I have to produce anything I can. I want my land to produce”.

The function of unions and their authority is still well recognized and respected by AD producers, although participation in these organizations is discouraged by the increasing political and confrontational agenda they hold.

“We support unions, as some issues are relevant to us. We are not considered as coca producers but we have been assigned catos to produce.”

“Different regions have different treatments. I participated voluntarily in road blocks and mobilizations called by the union.”

Associations have served for production exclusively; therefore, they don’t have the recognition and the potential to become another form of organization at the social base. As one AD producer mentions, “the unions have the power”. Even though associations serve their productive purpose, producers are conscious of the artificiality of these organizations as they remain critically dependant on projects’ funding, and therefore urge for improvements before they lose validity.

“When there was a budget given by the project there were even drinks and refreshments in the meeting...even if now that’s over, I feel as if it is my organization... if there could be an initiative to make us shareholders or something, it should be done.”

“From year to year we all knew that the economic support to associations was reducing. We have to keep working...When there is money available, we should pick it up, produce different things, and learn different things.”

In times of critical conflict and increasing tensions in the region between unions and associations, producers supported by the AD initiative attempted to strengthen associations and establish a parallel organizational structure to the ones formed by the unions. Through this they created OSNs (Organizaciones de Segundo Nivel) which resemble the coca producer *centrales*; UNAs (Union de Asociaciones) that resemble *federaciones*, and a higher level Union that resembles the union’s *Coordinador*. This structure projected new possibilities of representations for the livelihoods assisted by the ADP, although, it lacked legitimacy, as organizational forms in the region could not be seen beyond their productive function.

Summarizing, the AD initiative and its contributions have not been socially equitable for all as conditionality in their implementation generated tensions among affiliates of associations and unions. The coverage of the implemented projects has gradually broadened and the rigidities have been softened in order to facilitate better integration of the actors and stabilize the political and social clashes in the region. In such a scenario, the success of livelihoods sustainability in terms of social equity is attributable to the producers’ capacity to overcome the limitations of the context and maintain participation in both sides. By doing so, they have been able to ensure their access to two different spaces that provide options in the economic, social and political dimension.

4.3.3 Contribution III: Alternative Development and Ecological Integrity

The Chapare region is very diverse and rich in terms of natural resources and microclimates. However, these ecosystems are not apt for intensive agriculture, as soil is highly acidic and presents low levels of nutrients (Keil, 2005), giving coca growing an advantage as the crops does not demand high utilization of agrochemicals or optimal soil conditions. Alternative products do require more agricultural labour and improved soil

conditions, signifying increasing costs of production and challenges to the environment and sustainability.

In any case, both activities show evidence of harm to the environment, starting with the expansion of the agricultural frontier. Coca extensions continue expanding towards areas of lesser government surveillance, therefore increasing the problems of deforestation of primary forest and intruding into national parks and protected areas in the region. On the other hand, the cumulative use of agrochemicals in the cultivation of alternative products intensifies the process of erosion (Keil, 2005). In the 2003 agricultural survey, 25% of the farmers have detected erosion in their land; additionally 64% utilize pesticides and fertilizers in daily agricultural practices, despite the increasing cost of these inputs.

Much is to be done in raising consciousness in producers regarding the environmental harms that productive practices generate and in studying possibilities of organic production or other environment-friendly practices.

The AD initiative has not devoted much priority to this area in the past; although increasingly resources are being allocated to the development of environmental impact assessments, conservation measures, and safeguarding of protected areas. In relation to the producers, environmental measures have been limited to the provision of protective equipment for agrochemical application; some training has been given in management of solid residuals, disposal of agrochemical containers and plastic, in order to ensure health standards for the household.

Producers notice deterioration of soil conditions, however, this is not considered a priority when expressing other more critical demands or challenges that the household has to confront.

Weather conditions have affected the region considerably since 2004. Due to increasing rainfall, rivers have risen to indefensible levels and flooded cultivation areas. Also, due to erosion, river courses have changed, affecting road infrastructure and blocking access for

products going into and out of the region. During the end of October this year, rainfall reached 230 millimetres - at this level, 75% of every square meter of terrain could become saturated of water²² - considerably affecting agricultural production.

It is thus imperative for AD projects and producers to internalize the environmental conditions as one of the determinants of livelihood sustainability over time.

4.3.4 Contribution IV: Alternative Development and Resilience

The biggest AD project funded by USAID has just finalized a stage that commenced in 1999. The agency is now supporting a new stage of the AD initiative, responding in principle to the structure of the Alternative Development Plan 2004-2008, although selecting particular areas of attention, goals and priorities.

The emphasis is still placed on agricultural production, associations and AD producers; however it now concentrates on consolidating productive capacities that can achieve competitive levels in local and international markets. For this purpose, a new selective process is determined, where assistance will concentrate on those producers that demonstrate productive potential and stable systems and those associations that demonstrate organizational capacity to sustain and undertake market-oriented activities. The assumption is now that producers have received years of support in the introduction of new crops, it is time to concentrate on ensuring that this production inserts into markets.

Under this scheme and within the vision of the initiative, “strengthening competitiveness will be facilitated by inserting Chapare production value chains into emerging regional trade regimes and local markets, ensuring that these value chains can produce according to the demand specifications of these markets”²³. The challenge for associations and producers now is to prove capacity, in order to advance to a level of rural enterprise and local private initiative, meaning that this process is bringing with it new uncertainties, challenges and adjustments.

²² Los Tiempos Newspaper, November 1st, 2005.

²³ USAID/Bolivia - Rural Competitiveness Activity 511-04-018
(<http://www1.eps.gov/spg/AID/OM/BOL/511%2D04%2D018/Attachments.html>)

“The competitiveness and productivity perspective of the new stage of the ADP is perhaps being too strict from the beginning, demanding from organizations what they haven’t achieved yet.”

“It is important to focus on production as we have the potential but there is still a level of differentiation in capacities that requires continued support in social areas, not only production”.

Producers until now have developed a series of adapting strategies and coping behaviour in order to overcome the vulnerabilities of their context. Adding on the load of passing to a new and more demanding stage of the AD initiative; the sustainability of producers is challenged once again, demanding increasing resilience.

4.3.4.1 Adapting Strategies and Coping Behaviour

Conflicts have reached limits at times unbearable for the producers. In 2001 the debate and confrontation among government and coca producers stalled, dialogue was cut and coca producer’s frustration translated in attack on those assisted by AD. Packing centres, water tanks, infrastructure and houses of the AD producers were attacked, destroyed and some burned. Not being enough, some family members were also physically injured.

It is important to recognize here that coca producers go through even more violent and dangerous processes when confronting government Eradication forces. Notwithstanding, the point is AD producers not only have been excluded from the coca debate but have had to suffer the consequences of it. In this context, adaptation is still subjected to the possibility for producers to participate in both unions and associations, and when political or social revolt comes, they find mechanisms to cope with the crisis.

Only in very few occasions has violence been utilized by AD producers in response to tensions, and in most cases it has been used to regain respect. Alternatively, they have sometimes opted for legal processes against their neighbour coca producers and protested

to government as a way to protect themselves from further abuses. Fights and threats are still present, but the possibility of attack has considerably diminished.

“Joining the associations in 2001, I went to the ombudsman in Cochabamba, protesting against government, claiming for respect of our rights and asking the government to negotiate coca producers’ demands but also provide security for us.

“When there is negotiation and understanding between government and the coca producers everything is possible, otherwise it is the entire country that loses”. We have no space there but I would participate if there was.”

A current stress seen in AD producers at present is the temporary inaction of USAID projects; on hold until the new stage begins operation and support to the producers re-starts. Anyhow, as producers were warned in advance about this process, provisions were taken in the sense of accumulating or reserving as much assets as possible, which could be utilized during project assistance pauses.

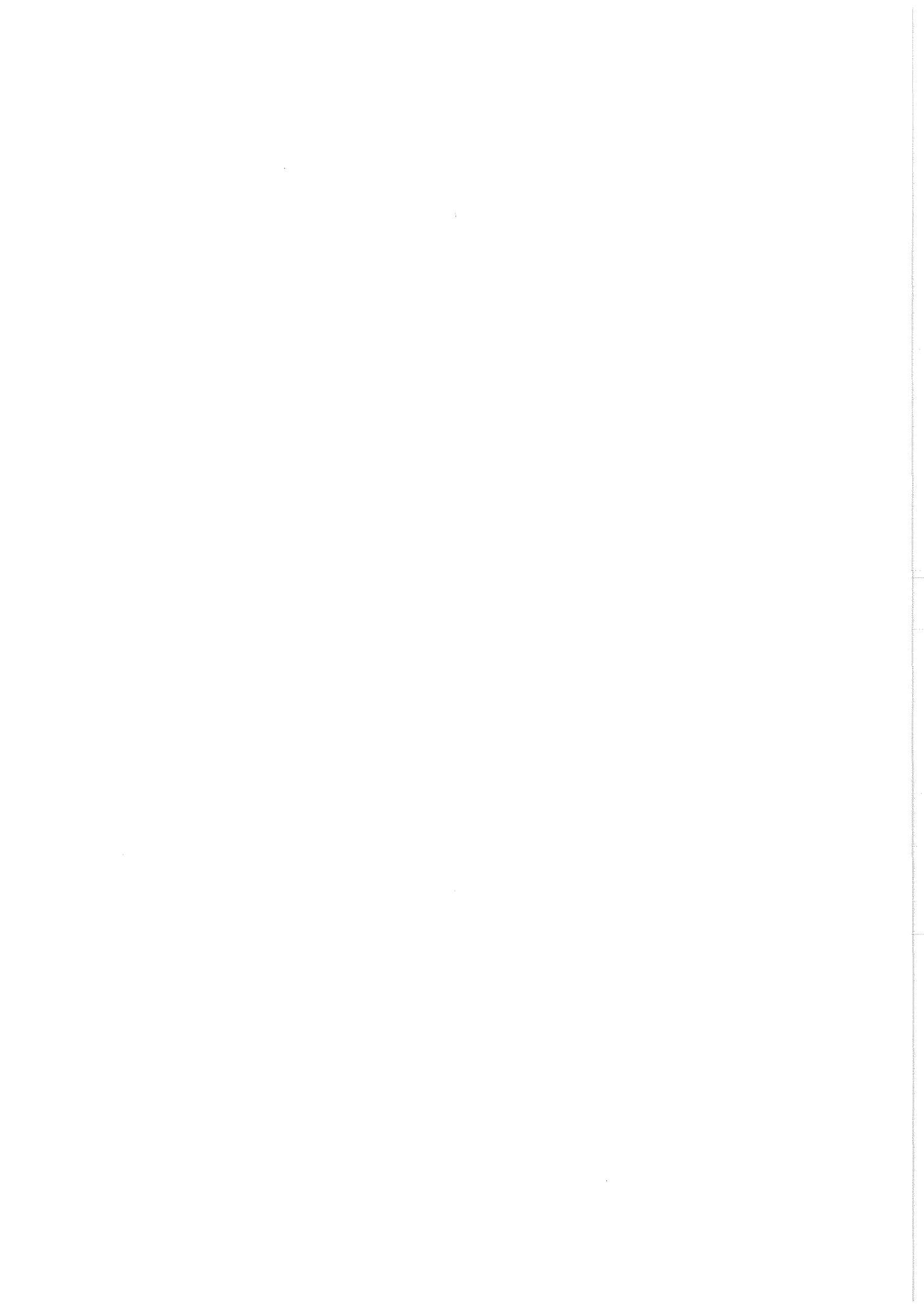
Political instability in the region usually translates into shocks of open confrontation among unions and government. When these shocks happen, road blocks on the connection between the east and west of the country are one of the most typical strategies undertaken to paralyze the region, and due to their common interests at stake, it becomes impossible for AD producers to go against the unions. Nevertheless, the dual role opens lines of information which allow AD producers to take preventive actions. For example, from participating in the union assemblies, they can learn where mobilizations will take place (usually determined with 15 days of anticipation). In this way, AD producers have access to information that determines the best option regarding taking product out or not.

“It is not possible to request anything of unions in times of conflict, you just have to learn to prevent.”

4.3.4.2 The Sustainable Adapting Strategy: Revisiting the Dual Role

“Chapare producers have constructed a set of values and political language combining the use of traditional idioms coupled with the need to exploit the opportunities offered by the global market” (Arce, 2003:209). Hence, AD producers are continuously in search of new opportunities, having learned to evaluate the pros and cons of each situation. They have gradually internalized interpretations of benefit, sacrifice and risk in such a way that defines a sustainable condition based on a “lesser of two evils”.

AD Producers have become knowledgeable and capable of ensuring that adaptation strategies and coping behaviour will facilitate information and optimize access to resources. This capability becomes a protection mechanism from the union-association rivalry and the power disjuncture of unions and government.



CHAPTER V

WHAT FUTURE SIGNALS: ENGAGING THE BROADER STRUCTURE

The access to capital assets and the envisioned benefits of the AD initiative remain contained in a set of structures and relations that govern resource allocation and affect livelihoods within a still rigorous policy, which has proved unable to facilitate effective transformation and complete substitution of coca cultivation practices in the Chapare region.

At present, the sustainability of livelihoods in this context depends not only on the development efforts and initiatives undertaken within a counter-narcotic policy but also on the ability of producers to cope and adapt to the limitations of the context.

Livelihood strategies have become the means and enhancing elements through which producers ensure their subsistence and guarantee the sufficient tenure of capital access for the maintenance and expansion of opportunities. Optimal economic mechanisms become evident in what has been denominated the “coca light” strategy and social and political safety becomes guaranteed through the “dual role”.

In an attempt to project how these strategies fit into the future of the AD initiative and how they can or cannot open spaces for political participation and integration of the AD producers in the debate, the present chapter elaborates on the short-term perspectives of the coca substitution actions in the Chapare region, the political scenario in Bolivia and the potential turns the coca debate could take, increasing or diminishing options for AD producers to participate in the broader structure.

5.1 Engaging the State: A Silent Return to Coca?

As was explored before, the role of coca producers in the amendment of counter-narcotic policy has been crucial in opening space for a new discussion and revision of the AD initiative as a whole. However, the opposition generated by the coca unions has acquired

social, political, economic and even now ethnic nuances, generating doubt from the public when trying to understand the end intentions of the movement. Could the goal be a return to free coca cultivation with a potential return to the coca-cocaine scenario of the 1980's?

AD producers who practiced the "dual role" at the time of counter-narcotic policy revision took parallel actions of re-habilitating those extensions that were not producing coca (but had the residuals of previous eradication) and at the same time requesting union authorization to be included in the group of beneficiaries to have their catos measured and registered by government eradication forces. The result of these actions would be subjected to the final approval of the union or the revision of government, materializing (or not) the possibility of AD producers to legally return to coca cultivation practices.

"I was included in the negotiation of the government to gain access to the legally recognized Cato of coca. I was part of the directory who would accompany the government officer that were measuring and authorizing cultivations of my partners. I do have a portion now of a cato that might get me 5-7 pounds that my wife will harvest. This time of year prices are good".

"I wanted to re-habilitate my ex-coca production but because it had been a long time since it was grown on the lot, they didn't accept me into the program".

The return to coca cultivation remains a possibility and drastic changes in counter-narcotic policy become latent, mainly because of the increasing influence of the unions in the coca debate. However, when approaching AD producers, an exclusive return to coca cultivation does not seem a potential scenario.

"If more coca was possible, I would do so up to one cato as my soil is good for other crops. I have union partners that face inhuman living conditions, in more impoverished areas where soil is not good for other crops; they would do better with coca. I was here when massive production was happening; it was violent and dangerous so I don't agree with going back to a lot of coca."

Times are not the same as in the 1980's and the success years of drug trafficking in Bolivia have considerably changed. Even when the government still presents weaknesses in the application of counter-narcotic policy, major efforts have been made to deploy surveillance and control forces in order to tackle illicit practices and considerable achievements have materialized in constructing new livelihood conditions, values and goals.

The unions' demand for free cultivation of coca is based on the allegation of existing markets that can absorb the entire production of the Chapare region for legal ends. However, the veracity of this claim remains questionable and opens space for new research and studies, to either support or negate it. Under the present conditions, the possibility of a new coca boom does not promise the economic benefits of the past, as control and surveillance mechanisms are now effective and illicit practices (even if profitable) have become increasingly dangerous for the producer. In terms of a legal market for coca, if cultivation is permitted in the region, it could potentially translate into an excess of supply, gradually lowering prices and not offering further economic security to households.

In this sense, there are some AD producers with radical positions, who claim that the unions' position is not legitimate, who think that the concessions the government has made were a mistake and that coca cultivation will easily flow to illegal markets once again.

“I do not believe in coca anymore as the results I have achieved with alternative activities have been totally satisfactory: I didn't have a house as a coca producer but then I got access with a program and fought for my land entitlement, I can pay studies of my children, I can save”.

“The Cato negotiation with the government is a fallacy. We all know that coca from Chapare is destined to drug trafficking. Alternatively, no person is going to respect the one cato limit, it will translate into one hectare and so on and so forth. The coca production has re-generated in other regions now, it wasn't a good idea to let them produce here again”.

“Authorized cultivation under verifiable conditions, and a combined system of collective and individual penalties can help strengthen the producer economy, broaden democracy, control drug trafficking and discourage terrorism”²⁴; however, it requires effective role of the government and institutional capacity to undertake such a task. Once coca cultivation is legalized to certain limits, consensual mechanisms of control can be implemented with higher success and giving space to producer agency to collaborate and become part of the structure that governs policy. If producers are satisfied with government concessions, then the resources utilized for suppressive eradication can be better put to use in improving mechanisms of registry and market controls for legal coca.

5.2 Producers as Agents of Change

The coming elections in December 2005 represent a critical point in the evolution of the AD initiative, as the scenario for the region would be drastically changed in the event that the MAS party wins. The political representation has announced that if they win the elections, one of the first tasks will be to de-criminalize and legalize all coca production in the entire country, recognizing the right for producers to cultivate coca with no limitations, as any other crop. The ADP producers in the region have differing perceptions of these claims from MAS, however participation in the unions as a strategic manoeuvre would remain as part of the “dual role”, but would not become an end in and of itself; nor would it undermine the role of the associations at present.

“If MAS wins elections we will be subjected to them, maybe no more repressed but still subjected. Associations have always supported the government policy as we were assisted by Alternative Development. If MAS goes to power, they know us, and we know what they want, so we will see what happens.”

“We see MAS as the only [party] without defects right now; this because their struggle responds to our needs. I support them but am not participating in the party.”

²⁴ La Serna, Published article in La Razón Newspaper. October 13, 2002

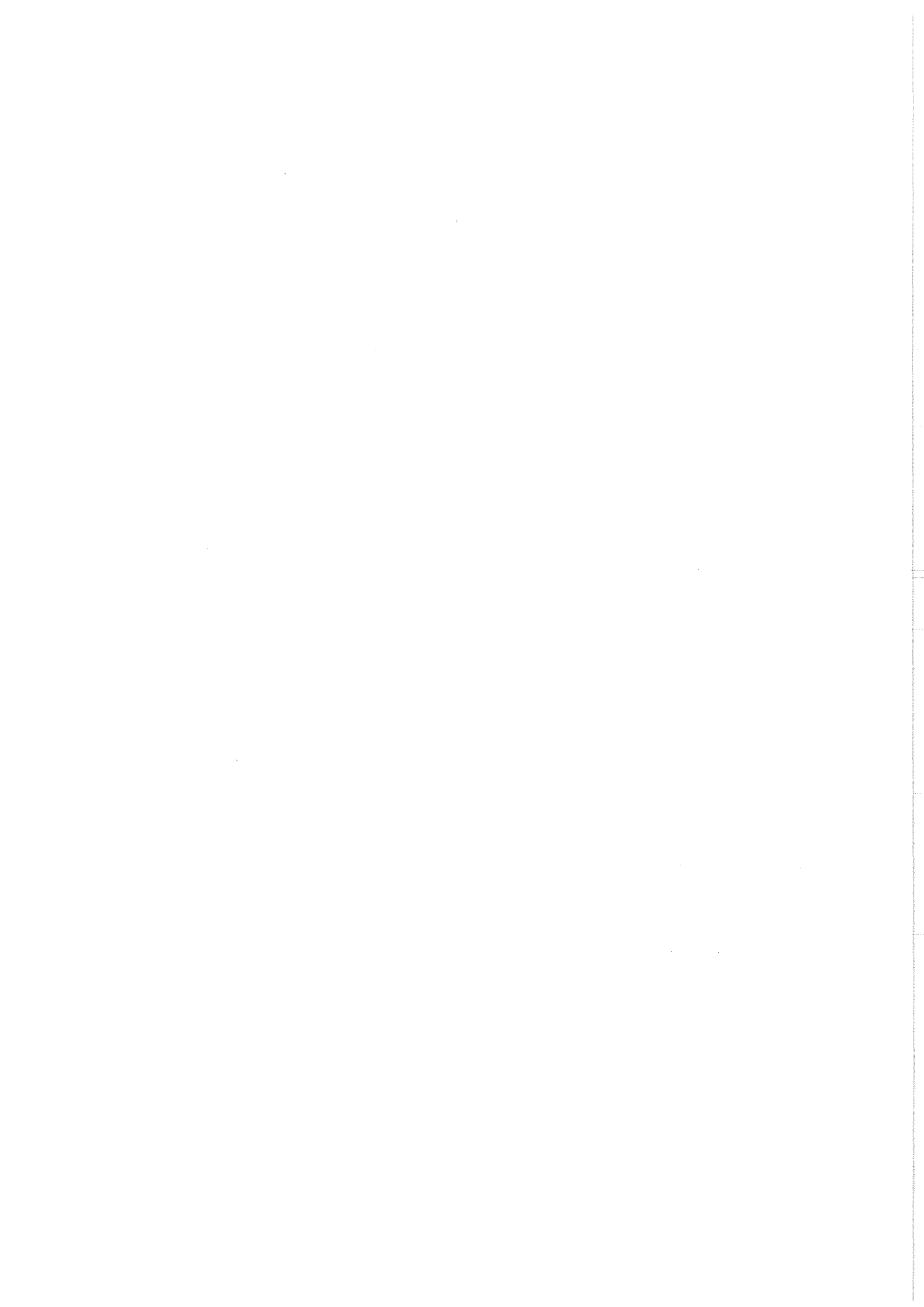
“Politics and discourse will only benefit those who are speaking and candidate. The discourse is still marginalizing the producer. If Evo wins [referring to the MAS party head] the situation is complicated, international pressure will show that he can’t do it on his own.”

Party claims have been additionally accompanied by a series of campaigns undertaken at international levels, backed up with studies that have proven that coca is not a narcotic, and different industrial uses can be derived from it. As an example, in October 2004 the European parliament decided to support the process of de-criminalizing coca production, recognizing its medicinal characteristics.

Currently, the coca producers are aiming higher, trying to establish regional markets for coca leaf in Argentina and Chile, with the possibility of channelling coca to industrial production of derivative products, such as: toothpaste, shampoo, beverages, etc.²⁵ These arguments will require further research and analysis; if proven feasible, they potentially signal new ways of conceptualizing the coca production issue in Bolivia.

Aside from the potential impact that MAS can have on the future of counter-narcotic policy, a second concern remains: the capacity of the AD producers to provide feedback into policy and really engage in the determination of mechanisms to improve policy is still very limited. Even though the duality of roles has improved the capacity of producers to access resources, the AD producer remains a silent agent.

²⁵ Los Tiempos Newspaper. September 25, 2005.



CONCLUSIONS

The political and economic reasoning when dealing with the coca problem and counter-narcotics policy in Bolivia has evolved within conflicting – rather than converging – elements of development theory, development practice and development reality.

Taking Bolivia as a case, the AD initiative has been the focal point to explore the links and mismatches between the principles on which the concept of Alternative Development stands, and the way it is being materialized through policy actions in the Chapare region. Here, even if the terminology coincides, it has been shown how the concept of Alternative Development has not been merely utilized within the boundaries of a development framework but rather, it has become a policy concept and instrument to define power relations at the local, national and international level.

Within the reality of coca production regions, the AD framework has not provided enough elements to integrate the different dimensions of rural reality within a broader political economic scenario. Thus, this limitation has translated in policy inconsistencies that have affected the implementation of Eradication and Alternative Development initiatives, and have limited the possibilities to consolidate improved economic, social and political conditions for livelihoods.

By materializing a policy detached from the reality of those ultimately affected, the initiatives undertaken in the Chapare region have been generated in a positive relation with the international agenda, although becoming considerably domineering for the coca producers on one hand, and considerably uncertain for the AD producer on the other.

At the level of realities and regarding the coca producers, the effects of this domination and oppression have translated into a radical political campaign aiming to dismantle the normative and operational framework in which counter-narcotic stands, and to defend the recognition of coca production as a marketable product and legitimate practice of the Andean culture.

On the AD producer side, the economic and social assistance of the AD initiative has not been enough to improve producers' capacities to ultimately consolidate sustainable livelihoods. Nevertheless, notable improvements and positive perceptions are evident in the producers, where - despite all limitations – they have demonstrated sufficient capacity and resourcefulness to make the viability of alternative practices still possible.

At the level of counter-narcotics policy, the “zero coca” scenario once envisioned by government policy has proven unreachable to-date. On the other side, the MAS party proposal to completely liberate production of coca appears unrealistic, falling into the trap of assuring that coca will not be destined for cocaine production, a fact that is doubtful they can guarantee.

The main finding of the study, the discovery of two unrecognized modalities of livelihood strategies - the “coca light” and “dual role” – which together form a middle path created by innovative AD producers driven by necessity to adapt, provides a new point of embarkation for further analysis of optimal conditions for a sustainable solution to the coca substitution process.

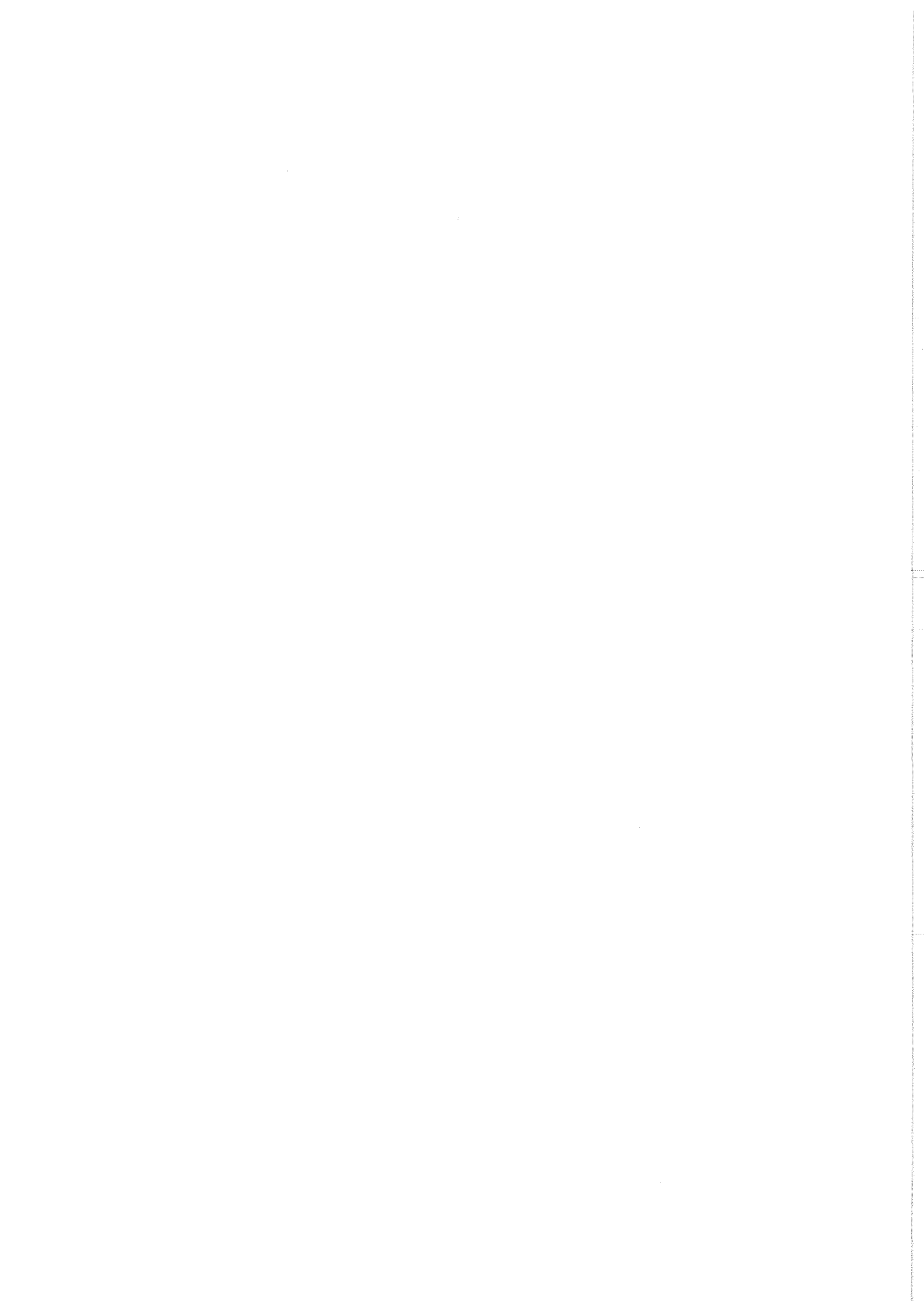
This middle path provides – in sustainability terms – the economically efficient solution to stabilize both coca and licit products markets, becoming a regulatory mode to control over-production and over-concentration of actors and resources in one particular productive activity. In social terms, it broadens the options for livelihoods to access multiple resources and participation spaces, putting an end to the union-association divide. Additionally, it can help ameliorate negative environmental effects of extensive production activities, ensuring agricultural diversification and optimized resource management. Finally, it alleviates the tensions, shocks and stresses of the region, providing new forms of integration, participation and coexistence.

With all its limitations, the study has achieved the goal of showing the reality of a relevant group of actors, which until this point have been invisible in the coca debate. It also

suggests that it would be worthwhile for policy makers and international agencies to take a step back from the constricted conception that Alternative Development has taken-on, and open a consensual space to reconcile interests from all stakeholders, including international donors, the Bolivian state, the producers (assisted by AD initiatives or not) and the private sector.

In a new attempt, not only has the Sustainable Livelihoods Approach provides the tools to achieve the objective of this research, but - at a higher level – it offers valuable element to widen the notions of development and actors, becoming an important instrument to explore and analyze new political economic processes in Bolivia, departing from the nature and composition of livelihoods, their strategies and the way these strategies can also facilitate development actions.

The process of coca substitution in the Chapare region has proven an example of tedious development efforts until now, however hope can be taken from the progress of AD livelihoods and their strategies, which while only taking small steps, appear to be making real progress.



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