

# INSTITUTIONAL NEEDS STRENGTHENING ASSESSMENT FOR THE COMISION NACIONAL PARA EL DESARROLLO Y VIDA SIN DROGAS DE PERU

SEPTEMBER 2016

## EXECUTIVE SUMMARY



Photo: <https://www.devida.gob.pe>

# STUDY OBJECTIVES AND RESEARCH QUESTIONS

The purpose of this study is to identify the institutional needs of the *Comisión Nacional para el Desarrollo y Vida Sin Drogas* (DEVIDA) in order to strengthen its leadership role in the implementation of policies, programs and activities in the areas of Alternative, Integrated and Sustainable Development (DAIS, for its Spanish acronym)<sup>1</sup>. The study also seeks to propose feasible recommendations and identify lessons learned that can be incorporated into the new cooperation strategy between Peru and the United States.

The study is centered on three main questions. The first question seeks to identify the areas of institutional strengthening required by DEVIDA in order to fulfill its mission in the areas of alternative, integrated and sustainable development. The second question considers how DEVIDA's internal context and conditions affect its institutional development. The third question examines the international cooperation's contribution to the institutional strengthening of DEVIDA (specifically USAID). These questions are each addressed by analyzing DEVIDA as a public entity that is subject to a legal mandate and operates within the context of Peruvian public administration and its associated problems.

The areas of DAIS which are the subject of this study involve the activities implemented by DEVIDA both through the *Programa Presupuestal de Desarrollo Alternativo Integral y Sostenible* (PIRDAIS) and through its direct intervention in post-eradication. The activities executed by USAID under its alternative development strategy are also an important contributor to DAIS.

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## CONTEXT AND BACKGROUND

The production, consumption and illicit trade of drugs are complex problems that have threatened the Peruvian State since the 1980s. Coca is cultivated in areas where agriculture is unstable and high levels of poverty persist. In 2013, 49,800 hectares of coca were cultivated and approximately 47% of the population in coca growing areas was living in poverty. The most worrying aspect behind these figures is the high level of dependence of local economies on coca cultivation.

The *Comisión Nacional para el Desarrollo y Vida Sin Drogas* (DEVIDA) is a public entity that is affiliated to the Presidency of the Council of Ministers (PCM), which in turn is the public agency responsible for designing and managing the national policy for the fight against drugs, in articulation and with active participation from other State institutions, civil society and the international community.

At least three different versions of alternative development have been implemented within the National Strategy for the Fight against Drugs (ENLCD, for its Spanish acronym). UNODC's strategy focuses on the importance of promoting small farmer associations and increasing the added value of agricultural products. USAID's Alternative Development Program emphasizes a national and international market approach, social services and complementary infrastructure projects. Finally, the German cooperation agency's Tocache and Uchiza Alternative Development Program (PRODATU) emphasizes industrialization of agricultural products, the formalization of small farmers and financing.

All three models have been picked up by an important input in the development DEVIDA Model San Martín, which is the basis of design of the budgeting program PIRDAIS. The program is currently the largest funding source for DAIS activities and its funds come mainly from the public treasury. The following are its activities:

- Training and technical assistance in good agricultural production practices
- Maintenance of local roads
- Formalizing and titling of rural properties

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<sup>1</sup> It is worth noting that this study focuses on DEVIDA's Alternative Integrated and Sustainable Development intervention (*Desarrollo Alternativo Integral y Sostenible – DAIS*) as defined in the National Strategy for the Fight against Drugs - (*Estrategia Nacional de Lucha Contra las Drogas – ENLCD*, for its Spanish acronym). This intervention does not necessarily cover the same activities and components as USAID's alternative development strategy.

## >>CONTEXT AND BACKGROUND

- Promotion of private investment
  - Attention to the population in pre and post eradication
  - Training and awareness for the conservation and sustainable use of natural resources
  - Promotion of associativity
  - Program management
  - Transfer of resources for the implementation of investment projects
  - Transfer of resources for the implementation of activities
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## METHODOLOGY AND LIMITATIONS OF THE STUDY

The study was conducted in four stages: preparation, data collection, data analysis, and production of the final report. During the preparation stage, 13 exploratory interviews were conducted to design the data collection tools to be used during fieldwork. The data collection stage included 33 semi-structured<sup>2</sup> interviews, three participatory workshops (with DEVIDA officials, USAID operators, and representatives from DEVIDA's board<sup>3</sup>) and an online survey<sup>4</sup> for DEVIDA officials. We asked additional contrast questions in order to reduce bias in respondents' answers. Regarding the instruments, particularly the Institutional Development Framework (IDF), the consulting team adapted the tool's criteria in order to apply it to a public entity like DEVIDA. Finally, during the analysis stage, data collected from the different instruments (value chain; USAID's IDF; SWOT analysis;<sup>5</sup> stakeholder analysis and network analysis) was contrasted and integrated. Findings were drawn by correlating the data from different instruments, and by contrasting any diverging findings with secondary sources. The PGRD and USAID teams provided feedback to these findings and to the study's approach.

It is worth noting that the value chain of DAIS implemented by DEVIDA (in coordination with other State institutions) serves as the guideline that articulates the present study's analysis, but also forms part of the findings themselves. The SWOT and institutional development analyses of DEVIDA both focus on the roles played by the organization in the value chain. Similarly, network and stakeholder analyses were used to explore DEVIDA's institutional relations at different stages of the value chain.

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2 The following people were interviewed: 27 officials from DEVIDA (from the central office and decentralized offices in San Martín, Huánuco and Ayacucho), 3 officials from the central government (Ministry of Agriculture, and Ministry of Economics and Finance), 52 officials or authorities from the regional agriculture offices or local governments in the sphere of the decentralized offices, and 7 representatives from USAID and UNODC.

3 Only 3 out of the 9 entities that are part of DEVIDA's board were represented at the workshops (Ministry of Health, Ministry of Defense and Ministry of Interior).

4 To date, a total of 8 surveys have been answered by DEVIDA officials.

5 SWOT analysis: Framework for analyzing the strengths, weaknesses, opportunities, and threats in order to gain a greater understanding of the capacities of an organization and its surroundings.



# FINDINGS

DEVIDA's success in achieving results in the DAIS intervention is based on the experience of its team, political and budgetary support from the central government, articulation and coordination with subnational governments through PIRDAIS, and assistance from international cooperation agencies to its activities and institutional strengthening process. Specifically, support from USAID has been important because of its continuous nature, having been offered even before 2002, when DEVIDA was still called Comisión de Lucha Contra el Consumo de Drogas (CONTRADROGAS). USAID's support has contributed to strengthen DEVIDA's capacities and activities in areas such as the following:

- Achieving DEVIDA's transition from being an organization subsidized by international cooperation to being self-financed (financed by the government).
- Transfer of knowledge.
- Transfer of monitoring systems.
- Increasing the number of alternative development specialists via the mentoring and experience provided to the staff of implementing partners. In some cases, the staff then moved on to work in DEVIDA.
- Financing Institutional Strengthening Operational Plans (PORIs), which include activities to strengthen the technological infrastructure of DEVIDA, execution of training and communication plans, etc.
- Expanding the reach of DAIS programs through the work of USAID's implementing partners.
- Providing support in the logistical processes and financing of DAIS direct intervention activities.

In spite of the outcomes achieved, DEVIDA still has ample opportunities for improvement. These improvements will consolidate DAIS interventions and generate an optimal intervention model that could even be applied to other crops or productive activities aimed to replace illicit crops.

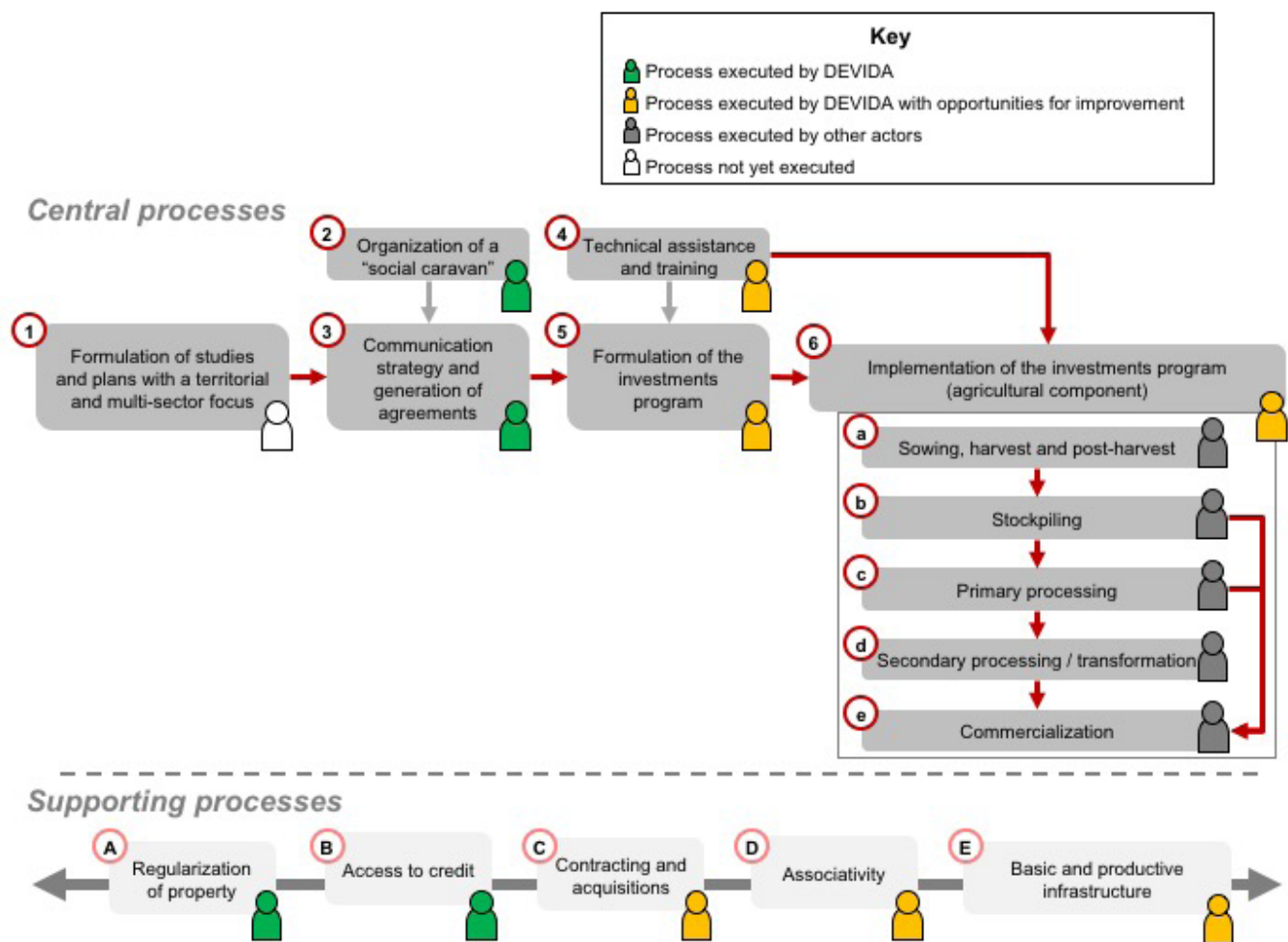
The study develops an ideal DAIS value chain based on the inferred chain of activities and projects currently being executed, the needs of improvement identified by DEVIDA officials, and legal regulations and management documents.

The DAIS value chain is implemented for DEVIDA with the participation of national and subnational entities government. The ideal DAIS value chain identifies DEVIDA's opportunities for improvement in relation to its strengths and weaknesses, its institutional development, other relevant actors, and its existing and nonexisting relationships.

The value chain establishes two roles for DEVIDA: a governing and an executive role. The governing role is the organization's main function, encompassing the development of regulating policies as well as the coordination and articulation with other government entities to guarantee the fulfillment of these regulations. Likewise, the organizations that govern the policies should follow up to ensure the participation of other entities and agents in the development of awareness and planning activities and in the implementation of projects related to the DAIS. The executive role, albeit important, is secondary; and involves the direct implementation of activities such as training sessions, the provision of technical assistance to farmers and subnational governments, and the formulation of public investment projects. This executive role is not DEVIDA's exclusive responsibility, and could even be entrusted to third parties.

>>FINDINGS

FIGURE 1. IDEAL VALUE CHAIN OF DAIS



The fulfillment of both of these roles is affected by internal (strengths and weaknesses) and external (opportunities and threats) factors to the organization. Thus, one can determine that DEVIDA is currently in the “expansion and consolidation” stage of the IDF<sup>6</sup> scale. This implies that DEVIDA has achieved significant results in DAIS, but there are still opportunities for improvement to consolidate the entity as a whole and to achieve the self-sustainability of its interventions in DAIS.

6 “Expansion and consolidation” is the third out of four stages in the IDF.

FIGURE 4. INSTITUTIONAL DEVELOPMENT STAGES AND MAIN ASPECTS FOR EACH DIMENSION OF IDF



Source: AC Pública

## >>FINDINGS

Each process in the value chain is influenced by the actors that are present and absent. Absence of actors creates the first bottleneck: the lack of alignment or different priorities of entities and/or authorities. Specifically, there is a heterogeneous group of actors with whom DEVIDA must maintain good relations. These include farmer cooperatives and associations, the Prime Minister's Office, the Ministry of Finance, subnational governments, international cooperation agencies, the Ministry of the Interior and the Ministry of Agriculture. Currently, DEVIDA's relations with these institutions are some of the best among the total group that was evaluated, although there is still room for improvement. For example, the relationship with the Ministry of Agriculture is deficient because of the latter's perception that DEVIDA's activities overlap or interfere with its own. In addition, the ministry leads the process of productive reconversion of illicit crops in the Valleys of the Apurímac, Ene and Mantaro Rivers (VRAEM), where the intervention is different from DAIS.

The analysis of the relationships between the different actors and DEVIDA also demonstrates its capacity to coordinate and articulate its interventions with subnational governments. Part of this success is explained by the fact that DEVIDA transfers funds to these governments through the PIRDAIS, which encourages them to establish and maintain harmonious working relationships with DEVIDA. At the opposite end, there are few incentives and obligations in place for the so-called "sectors" (ministries and affiliated institutions) to work with DEVIDA in a coordinated fashion, which explains the absence of interventions with a multi-sector territorial approach.

Other bottlenecks found in the DAIS value chain include: i) insufficient expertise and/or funds at the subnational government level, which affects the quality of planning activities and the execution of projects; ii) current interventions are primarily focused on agricultural production aspects, which relegates other stages of the value chain that are key for the intervention's sustainability, such as associativity and access to markets; and iii) weaknesses in farming associations and cooperation strategies, which arise from the lack of reasons for farmers to form such associations and the fact that cooperatives require capacity building to guarantee their consolidation.

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## CONCLUSIONS

- DEVIDA has achieved significant outcomes in DAIS in terms of coverage and income increase of its beneficiaries, despite existing limitations and opportunities for improvement at the institutional level and in regard to its intervention model. Support from international cooperation agencies, particularly USAID, has been crucial for this success.
- USAID's contribution to capacity building has led to sustainable results for DEVIDA. These include the organization's political empowerment, an increase in its budget from public sources, its monitoring system, and the reformation of its organizational structure, among others.
- USAID's direct support of DAIS activities has been significant and has led to immediate outcomes rather than sustainable results.
- The main limiting factor of USAID's current institutional strengthening program, which it will nonetheless be able to manage, is that it includes financing of certain activities and expenses that will not generate the sustainable results expected from it.
- DEVIDA is currently in the middle of the "expansion and consolidation" stage (the third of four stages), which reflects the following achievements to date: staff have an adequate knowledge of and are aligned with the institutional mission; the institution uses work plans that guide its activities and operations; the level of staffing is adequate for current DAIS interventions; available funds have increased in recent years and these have been adequately managed; financial controls and periodic external audits are in place; finally, DEVIDA has demonstrated capacity and experience working with farmers, local communities and subnational governments.

## >>CONCLUSIONS

- Despite recent achievements, these and other institutional aspects can be strengthened to take DEVIDA to the “sustainability” stage. The following are the main institutional needs:
  - Strengthen its governing role, putting mechanisms in place to align national and subnational government priorities with the national policy for the Fight against Drugs.
  - Gather documents that generate useful knowledge about current and previous DAIS experiences to allow for decision making based on evidentiary support. This information would facilitate:
    - > Objective evaluation of achieved outcomes.
    - > The incorporation of indicators that measure the sustainability of outcomes.
    - > The establishment of feedback mechanisms with farmers, implementation agencies and allies.
- The evaluation of the effectiveness of new alternative crops and activities in the substitution of illicit crops.
  - Complete systematization of key internal (e.g. manuals, protocols) and external products (e.g. technical assistance packages) to engrain and enhance DEVIDA’s sustainability.
  - Build DEVIDA’s capacities to implement projects and activities. Similarly, build the capacities of subnational governments in the implementation of activities and projects financed by DEVIDA. Planning, implementation, and evaluation capacities are particularly important.
- These institutional needs address the impact that other actors have on DEVIDA and on DAIS interventions, and recognize that the alignment of institutional priorities strengthens DAIS interventions and promotes their sustainability.
- DEVIDA plays two roles in the current and the ideal value chains:
  - The governing role is exclusive to DEVIDA and constitutes its primary role.
  - The executive role, which is secondary, is shared with other entities, and can be entrusted to specialists.
  - It is not viable for DEVIDA to set up executive units (given their financial and capacity requirements) or special projects (given their temporary nature).



# RECOMMENDATIONS

To address the problems and opportunities identified, it is suggested to implement a Capacity Building Program to ensure that DEVIDA and its implementing partners adequately fulfill their roles in the DAIS value chain, bringing it closer to the ideal value chain that has been identified, and ensuring the sustainability of DEVIDA's interventions. One way of measuring the outcomes of this Program will be to evaluate the IDF aspects that currently place DEVIDA in the "expansion and consolidation" phase. Eventually, the Program should take it into the "sustainability" phase.

The Program includes five components that respond to the institutional needs of DEVIDA and which complement each other. For this reason, the Program must be implemented as a whole, instead of giving priority to only a few components.

The Program focuses both on the governing and the executive role of DEVIDA. In the case of the executive role, we recommend DEVIDA to continue implementing activities in areas where it has already acquired experience and a leading position. In addition, we recommend DEVIDA to systematize its intervention models, so that they can be successfully entrusted to institutions that demonstrate the necessary capacity for their execution (ministries, subnational governments or specialized third parties).

The components and activities that make up the program are listed below.

## **Component I: Strengthening DEVIDA's governing role**

- Update the National Strategy for the Fight against Drugs.
- Develop a study to define ways to encourage national and subnational governments and then insist on their incorporation to the Annual Budget Law.
- Develop the National Policy of Mandatory Fulfillment and promote its latter approval.

## **Component II: Alternative, Integrated and Sustainable Development (DAIS) Model**

- Develop studies to identify and optimize the processes in the value chain, emphasizing the planning and execution processes, with a territorial, multi-level and multi-sector approach.
- Develop guides of optimized processes in the value chain.
- Approve and publish the DAIS value chain.
- Develop multi-sector and multi-level plans with territorial approaches for every regional office DEVIDA has.

## **Component III: Process-based management and organizational capacity**

- Optimize institutional process aligned with the ideal DAIS value chain, with major emphasis on procurement, budgeting, follow-up, internal communication and knowledge management.
- Create formats, methods and detailed procedures for the development of an investment program. This includes the update of the existing computer systems in benefit of the planning and programming processes.
- Develop a study to review and improve the detailed functions of DEVIDA's individual areas, in accordance with the value chain.
- Develop a study to establish a communication strategy for the ENLCD, its policy and the associated interventions.

## **Component IV: Human resources**

- Update and improve processes, professional profiles, and management documents, based on the adoption of the new regime of civil service (*Ley Servir*).

## >>RECOMMENDATIONS

- Staff recruitment under the new regime.
- Develop a study to determine the optimal plant size necessary for the DAIS value chain.
- Develop and implement the training plan for DEVIDA's staff, related to the DAIS value chain and processes such as the selection, prioritization, design and execution of projects; procurements with the Peruvian state and private organizations; the development and promotion of innovative products; technical assistance to farmers, and the production and marketing of alternative products.
- Develop and implement the capacity building plan for subnational governments, related to the ideal DAIS value chain, the design and execution of projects and procurements with the Peruvian state and private organizations. Likewise, develop manuals, guides and virtual courses based on the plan's prioritized content.

### **Component V: Information, Monitoring, Evaluation and Knowledge Management System**

- Design and execute a project to improve the collection of information in current computer systems, and to make better use of this information for analysis purposes (at the internal and external level).
- Design and implement a knowledge management system focused on DAIS and extendible to the rest of the institution.
- Carry out specialized evaluations:
  - Baseline and intermediate evaluation of DAIS
  - Impact evaluation of PIRDAIS
- Develop specialized studies to:
  - Define guidelines to achieve the optimal working model and adequately manage agreements and track resource transfers to subnational government entities.
- Strengthen the “Observatorio Peruano de Drogas” (Peruvian Drug Observatory) to adequately create and diffuse key information about the model and the DAIS strategy.

Finally, we recommend that any institutional strengthening program, including the one currently financed by USAID, must prioritize activities that build institutional capacity over activities that improve current DAIS interventions or expand their reach in a temporary basis. This focus will allow any such program to lead to sustainable outcomes at the institutional level.

The content of this document is based on the report, “Institutional needs strengthening assessment for the *Comision Nacional para el desarrollo y vida sin drogas de Peru*”. You can find the complete report on PGRD: <http://www.pgrd.org/> | [http://pdf.usaid.gov/pdf\\_docs/pa00mr7c.pdf](http://pdf.usaid.gov/pdf_docs/pa00mr7c.pdf)

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