



## Plan Colombia

### Before the House Appropriations Committee's Subcommittee on Foreign Operations

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#### Introductory Remarks

Thank you Mr. Chairman. I am pleased to be the President's representative for the United States Agency for International Development (USAID) today before the Subcommittee on Foreign Operations of the House Appropriations Committee. Mr. Chairman, I request that my prepared statement be included in the hearing record.

Mr. Chairman, USAID is proud to contribute to broader U.S. Government objectives in Colombia, because Colombia needs our help. Colombia is engaged in a struggle over its territory and its future with three terrorist organizations, the Revolutionary Armed Forces of Colombia, the National Liberation Army, and the Unified Self-Defense Forces of Colombia, known respectively by their Spanish acronyms as the FARC, ELN and AUC. These organizations are engaged in terrorism and narcotics trafficking. They threaten a wide range of U.S. security, political and economic interests and are a threat to hemispheric security and stability. They create the insecurity that constrains aerial eradication and alternative development programs.

Conducting development programs in conflicted areas like Colombia is difficult and dangerous, but we believe we have the experience and expertise needed to succeed. Some have recently commented that alternative development programs are failing because they have not yet delivered adequate levels of assistance to coca growers in remote parts of southern Colombia. Mr. Chairman, I am here to tell you that these statements are, in my view, overstated. While there have been some setbacks, USAID's program is on track and making progress. My predecessor stated at a similar hearing in July 2001 that our plans were to eliminate 30,000 hectares of coca and 3,000 hectares of opium poppy crops. To do this, we planned to work with 17,000 coca and poppy producing families over a five-year period. So far, USAID has begun work with more than 5,000 families, and we are moving quickly to deepen and extend our

reach while continuously learning and adapting to ever-changing circumstances and responding to emerging challenges. Since assuming my position two months ago, I have been in the process of conducting a comprehensive review of USAID's Colombia program and expect to travel to the region again in the near future.

What is clear to me so far is that what has failed us are the unrealistic expectations and myths that some people seem to have with respect to alternative development. It is essential that we get past these fallacies and get back in touch with reality so that we can concentrate on the task at hand. Let me enumerate briefly four of these expectations and myths so that we can dispense with them and move on:

- Wherever coca or poppy is grown, it is possible to substitute some equivalent cash crop.
- Coca farmers will switch to other crops and will not revert to planting coca if they are simply provided with alternatives.
- Coca growers cannot cope on their own without coca.
- Large-scale assistance to provide new sources of income to 37,000 families can be identified, tested and delivered in one year.

Mr. Chairman, the reality in southern Colombia is much different.

First, there is no alternative agricultural production that can match the income of coca leaf and coca paste production by a small-scale farmer working on a few acres of land. The very feasibility of any cash crop alternative depends on the ability of a farmer to produce it competitively for major markets. Coca-growing regions that are distant from urban markets, environmentally incompatible with commercial agriculture, or under the control of an illegal armed group have an impossible competitive disadvantage and cannot be sustained without subsidies which are politically and economically undesirable.

While much can be done to help coca growers transition to other livelihoods, we must also focus on larger job and income creating programs in areas where they have a chance to work. Many times, this will require developing other forms of income and employment besides agricultural crops, and working beyond the immediate vicinity of coca plantations.

Second, experiences in other countries, such as Bolivia and Peru, has demonstrated that farmers do not abandon coca simply because they are provided with alternatives. In fact, evidence suggests they may increase coca production even as they diversify and grow other crops. There is no significant case that we are aware of where farmers have abandoned coca simply because alternatives were provided. Farmers only abandon coca when governments effectively enforce a ban on cultivation. In Bolivia, coca production grew along with alternative licit cash crops in the 1990s until the Government of Bolivia decided to enforce a zero coca policy. After that decision was made, and effective eradication measures were undertaken, coca production stopped growing and dropped by 70%. Many of the farmers USAID supports in Bolivia are former coca growers. But they abandoned coca because it became too risky, and because they had alternative development support to cushion their transition to licit crops. The same pattern was repeated in Peru. There we saw a 64% reduction in coca after the government incapacitated terrorist organizations that supported production and blocked traditional marketing

routes for cocaine products through interdiction programs.

Third, to those who feel that farmers in southern Colombia cannot cope without coca, I invite them to cross the river that forms the border between Colombia and Ecuador. Just on the other side they will find farmers who live and work in the same socio-economic and environmental conditions as their neighbors in Colombia with one important difference -- they don't grow coca. We know those farmers, because we work with them in Ecuador. They don't grow coca, and they don't ask to be compensated. The reason you won't find coca in Northern Ecuador is that the Government of Ecuador also very effectively enforces a zero coca policy. What USAID provides in Ecuador is basic infrastructure that improves quality of life and strengthens community governments and institutions. We just completed an assessment in northern Ecuador similar to the one we carried out earlier in southern Colombia. That assessment shows that the Ecuadoran Government, with our support, has succeeded in containing the spill-over threat from Colombia. This is a significant success story which I hope we can discuss further at some point.

The last fallacy, that an alternative economy can be created in one year for 37,000 families, is clearly incongruous with development experience anywhere. Yet some seem to believe that this is what the Government of Colombia agreed to do when it signed coca eradication pacts with coca growers in southern Colombia. In fact, the Government of Colombia did not promise to create a new economy in one year. They promised instead to begin a process of delivering assistance to those who showed a commitment to coca eradication. This has been done and, to date, the Colombian Government reports that they have reached about 8,500 families. We are helping with that process, and I am pleased to report that voluntary manual eradication is taking place. I will talk more about this in a moment.

Mr. Chairman, when we are seeking to reduce coca production, we have to follow where the cocaine industry takes us. As with other criminal enterprises, the cocaine industry seeks to operate where it can minimize the risk of interference from government law enforcement. Today, thanks in part to successes in Bolivia, Peru, and Ecuador, we find that cocaine production has concentrated in some of the most remote, distant portions of Colombia, with the least government presence and not coincidentally, with the least developed infrastructure and public services.

What this means, Mr. Chairman, is that the very conditions that favor coca production are the same ones that make development programs difficult and time-consuming. Alternative development is needed as part of the USG counternarcotics efforts for two main reasons. First, to provide a cushion to help farmers transition from drug crop production to other activities. Second to strengthen the local economy and governance structures in a way which helps ensure that large scale replanting of drug crops does not take place after eradication. Without this assistance, short term successes in eradication will not be sustained.

Accomplishing this does not mean that coca income must be matched. What it does mean is that local communities must be integrated into a broader national economic and political structure. Most farmers know coca is illegal and don't expect income from legal sources to match. They still welcome alternative development programs because they have seen the disadvantages associated

with life in a coca producing area.

Coca may provide higher incomes, but there are serious downsides to life in an area controlled by narco-traffickers and terrorists. Factors such as lawlessness, excessive violence, high alcohol use, social deterioration, lack of social services and infrastructure, and a local government and local police force made up of narco-traffickers or guerillas.

This is why many families are interested in alternative development assistance even though they know their incomes will be reduced when they diversify into legal crops. But economic and social transformations of the type described above take time, and this is why USAID has always stated that alternative development is a long-term process. 1

We were consequently pleased to see a recent Government Accounting Office (GAO) report 2 on alternative development that summarized a number of the lessons learned from similar past efforts and reached the same conclusions. This report pointed out that years of sustained U.S. assistance are needed for a program to work. The report also states that alternative development requires a lasting host government commitment to counter-narcotics measures and adequate security. Finally, just as I have been trying to illustrate earlier, the report concludes that alternative development by itself does not cause farmers to eradicate coca. To quote,

"Without interdiction and eradication as disincentives, growers are unlikely to abandon more lucrative and easily cultivated coca crops in favor of less profitable and harder to grow licit crops or to pursue legal employment." 3

We never have the luxury of beginning alternative development programs in ideal settings where all of the conditions for success exist. Instead, we must work with whatever conditions are there and seek to influence events so that conditions that don't initially exist are gradually established. In Bolivia and Peru, armed groups controlled cocaine-producing regions during much of our early implementation efforts. It took years for the security conditions to improve in both cases. We did not give up then, and we don't intend to give up now in Colombia.

I would like now to describe what USAID is currently doing in Colombia.

With \$122.2 million provided under Plan Colombia, USAID is pursuing three broad and mutually supportive goals:

- Strengthening democracy and human rights;
- Addressing the needs of people displaced by violence; and
- Alternative development to support sustained reduction of drug crops and economic prosperity.

By pursuing these goals, we seek to strengthen the hope and influence of every Colombian who believes that there is a way out, another path, besides the apparent downward spiral into economic dislocation, violence, and narco-terrorism which too many Colombians have experienced in recent years. This "other path" as Hernando de Soto, the internationally recognized author and free-market economic theorist, called it, is the one represented by the ideals

and values of our common Western heritage.

As I briefly outline the progress made so far in each of our goals. I urge all of you to come visit Colombia and see these programs firsthand.

### **Democracy and Human Rights**

The Democracy and Human Rights Program is helping the Government of Colombia improve efficiency and efficacy in the justice sector, enhance and broaden respect for human rights, strengthen local governance, promote transparency and accountability in the public sector, and support peace-related initiatives. Of the \$122.5 million Plan Colombia funding in FY 2000, \$47 million was allocated to democracy and human rights. Given current expenditure rates, USAID anticipates that most of these funds will be spent by December 31, 2002.

Judicial Reform: Colombia suffers from an extraordinarily high homicide rate of 63 murders per 100,000 inhabitants each year. Surprisingly, most of these deaths are not related to the armed conflict with guerillas. Rather, they are a result of drug-related violence, weak governmental institutions and a pervasive sense of impunity before the law. The high homicide rate contributes significantly to general insecurity, lack of confidence in governmental institutions, and increasing numbers of people who resort to extra-official protection. Lack of access to legal adjudication of disputes is also one of the major contributing factors. This lack of access drives people to vigilante-type violence.

To address this problem, USAID, in collaboration with the Ministry of Justice, has established the highly successful "Justice Houses" (Casas de Justicia) Program to increase access to judicial and dispute resolution services for low-income and marginalized Colombians. These centers provide a "one-stop-shop" where citizens can seek help and redress on a wide range of issues. Each one is staffed by government officials from a broad range of ministries and agencies, and they are all together in one location to dramatically reduce transaction costs on the part of citizens and enable instant referrals to necessary expertise or authority.

Eighteen of these Justice Houses have been established to date. Nearly 1.2 million cases have been resolved since the first Justice House was established in 1995. Most of these cases have benefited people who lack the educational and economic resources needed to resolve grievances through the formal judicial system. By providing an alternative to the use of violence, the justice houses are contributing directly to improving the sense of security as well as a sense of connection to the State for many Colombians. USAID is expanding this highly popular program and will establish a total of 40 Justice Houses by the end of FY 2005. USAID is currently in the process of building five new Justice Houses, including one in Puerto Asis, Putumayo, and one in San Vicente del Caguan which is the main urban area in the former FARC-controlled demilitarized zone. These two Houses represent an important breakthrough in reestablishing government presence for under-served populations.

Meanwhile, the traditional court system is hampered by backlogs of unresolved cases and overcrowded detention centers with individuals waiting to be

charged. USAID is helping to improve efficiency and transparency of the formal court system by assisting Colombia's transition from the traditional "inquisitorial" system of justice to a modern accusatorial system based on oral trials rather than written procedures. In addition to being more transparent, and therefore less prone to corruption, oral trials are more cost effective and timely. They also promote human rights by reducing unadjudicated cases where individuals are held without charge. USAID has helped create 13 oral trial courtrooms and will create 11 more by the end of FY 2005. USAID has also funded training for more than 3,400 judges in oral trial techniques. This work builds on earlier reforms of the criminal procedure code previously supported by USAID.

**Human Rights Programs:** The presence of competing armed groups throughout Colombia creates a human rights tragedy. Threats against individuals who seek to counter terrorist influence in their community are pervasive in many areas, particularly those that involve NGOs which represent underserved or exploited groups. USAID is helping improve the capacity of local government institutions and civil society organizations to enhance human rights protection through a three-tiered approach: strengthening Government of Colombia human rights institutions; protecting individuals threatened because of their efforts to promote human rights; and improving the Government of Colombia's ability to prevent massacres and forced displacements of civilians in rural areas when armed terrorist groups compete with each other for control of territory.

Working through the Ministry of Interior's Protection Program, USAID assistance to date has helped nearly 2,000 Colombians whose lives were threatened in the past year alone. This includes human rights workers, labor activists, journalists, and others. Of this total, 1,119 people were given financial assistance to help them avoid danger, 603 were helped to relocate nationally or internationally, 21 NGO offices have been armored, and 260 were provided with cellular telephones, use of armored vehicles, or other protective equipment after being threatened by guerilla or paramilitary groups.

On a different track, USAID has organized with the National Human Rights Ombudsman's Office an Early Warning System (EWS) that provides the Colombian military, national police, and other state institutions with early warnings of situations that could result in massacres or forced displacements. The signs of impending mass violence are usually well defined. They include the arrival of unknown and armed men, graffiti, intimidation of individuals, and increased crime. The EWS is essentially a 911 telephone number where non-government organizations (NGOs), municipal authorities, or individuals can call the National Human Rights Ombudsman's Office to report signs of potential violence. The validity and seriousness of the threat is evaluated and, when warranted, a formal warning is issued to the police, the military or other authority. Each warning from the National Human Rights Ombudsman's Office includes recommended actions, and the police and military are required to reply in writing to the threat and state what actions they have taken in response to the warning.

As of March 31, 2002, a total of 109 warnings were issued which resulted in 75 responses or interventions by State authorities. A recent review by a USAID contractor revealed that the EWS was very effective in focusing attention on dangerous situations. While difficult to determine with certainty, USAID believes that the EWS has saved lives, and in the process, strengthened the link between communities and central state institutions.

**Improved Local Government:** Transparent and effective local government is an essential aspect of building confidence in democracy and providing community cohesiveness to help counter the influence of armed groups and narcotics traffickers. USAID's local government program is working in close coordination with the alternative development program to strengthen the capacity of 100 municipal governments in areas where coca and opium poppy eradication activities are underway. Assistance is focused on increasing citizen participation in governmental decisions, strengthening municipal management and reducing opportunities for corruption. Funding is also provided for municipal infrastructure projects that benefit local communities while strengthening their ties to formal governmental structures. More than 62 community infrastructure projects have been identified and approved to date. Of this total, 32 were completed as of March 31, 2002, and the other 30 projects are underway.

**Increased Transparency and Accountability:** At the national level, USAID is promoting the use of more transparent and accountable government management procedures through programs with the Controller General, the National Auditor, and the Accountant General as well as internal control units in targeted Government of Colombia (GOC) entities. With USAID support, the Accountant General has issued an Executive Resolution that will require 3,000 GOC units to follow standardized internal control processes. Colombian President Pastrana subsequently signed a decree standardizing a "National System of Internal Controls," and USAID has trained more than 600 Colombian citizens who will share their training with others and use it to combat corruption utilizing constitutional mechanisms such as citizen oversight committees and public hearings.

USAID has also supported anti-corruption messages on national television that have reached nearly 33 million Colombians. This program contributes to improving trust by Colombians in governmental institutions. Additionally, USAID is working with the Colombian Attorney General's Office to establish a national data base containing disciplinary and criminal records of elected officials and public servants and companies doing business with the GOC. This information will help keep people with questionable legal and disciplinary records from being elected to public office or named as public servants in Colombian government agencies.

**Support for Peace Initiatives:** USAID has provided more than \$1.6 million to 18 Colombian private, and public sector organizations to carry out activities that encourage or promote peace and conflict reduction. Typical activities that have received support include democratic values, education for youth, community conflict resolution, institutional training for NGOs, support for victims of violence, and support for minority groups such as Afro-Colombians and women.

This completes my summary of our democracy and human rights program. You can see that this program is broad-based, national in scope, and focused on building the effectiveness and credibility of governmental institutions. While not labeled as such, these programs directly contribute to our alternative development goals when they are implemented in coca-producing regions. Colombia's democratic institutions in recent years have been almost overwhelmed by the corrupting influence of the enormous drug industry and the prolonged civil conflict. Our assistance directly counters these negative influences and helps build a broader constituency for a democratic solution to Colombia's social and political challenges.

### **Internally Displaced Persons (IDPs):**

Colombia's internal conflict has resulted in the forced displacement of up to two million people. Most displaced people come from rural towns or villages that are contested by illegal armed groups. The majority are women and children under the age of 18, many of whom have witnessed killing of relatives and other atrocities. Displaced persons are often thought to be sympathizers of one armed group or another and as a result, established communities are often wary of providing assistance. This problem is compounded by the fact that such a large displaced population can place enormous strains on public services such as health, education, and shelters.

From Plan Colombia funding, USAID provided \$30 million for non-emergency support for displaced people. Nearly all of these funds have been expended, and additional funding was made available as a bridge until FY 2002 funds are obligated. Most of the assistance provided thus far has been for physical and mental health services, shelter, water and sanitation, education, employment creation, and community strengthening. These funds are channeled through five experienced non-profit organizations with extensive experience in this field. Over 330,000 displaced persons have received direct and indirect assistance from USAID grantees to date.

As a special project, USAID is also providing \$2.5 million to support the rehabilitation of former child combatants. Between 3,000 and 7,000 child soldiers are estimated to be serving in Colombia's three armed groups. Many of these children were forcibly recruited and have been abused by their captors. They are often functionally illiterate, have few vocational skills outside of combat, bear physical and emotional scars, and are seen by the Colombian legal system as criminals. Many are from broken and/or abusive homes and cannot return to their families.

USAID is also working with the International Organization for Migration and the Colombian Institute for Family Welfare to create facilities that can help these children make a break from the illegal armed factions they were a part of and become integrated into civilian society. The program does this by accepting ex-combatant children at a reception center, providing treatment, and sheltering children who cannot return home. A total of 272 children have entered the program to date and have received (or are receiving assistance) that will allow them to be reintegrated into society.

USAID staff continuously monitor the situation in Colombia for possible incidents that could result in large scale displacement of people from their communities. Last January, for example, it was feared that Government suspension of the demilitarized zone given to the FARC guerillas would result in large movement of people from the zone due to fears of military or paramilitary reprisals. To help prevent this situation from developing, USAID staff traveled to the zone in the first days of the government takeover and then financed the mobilization costs of a special 15-member team from the Government's Human Rights Ombudsman Office. The team quickly established a presence in the zone to monitor the situation and put in place the Early Warning System described above. USAID is very pleased to report that so far, no massive movement of people has taken place.

USAID's assistance to displaced persons and child combatants is important to mitigate the economic and social effects of Colombia's conflict and help create



alternatives for those who are most affected. In the process, USAID seeks to strengthen the capacity of state and local actors at all levels to mobilize their own resources to assist in this process. One of our grantees, the Pan American Development Foundation, has succeeded in matching USAID's grants at the rate of \$1.5 dollars for every dollar provided by USAID by successfully mobilizing contributions from Colombian and international private sector firms and businesses. This process helps to nurture private-public partnerships to address the social costs of Colombia's conflicts and builds more effective constituencies to tackle social issues.

#### **Alternative Development:**

A total of \$42.5 million was appropriated to USAID for alternative development in September 2000. Depending on security conditions, we expect that approximately \$36 million of this total will be expended by the end of December 2002. The goal of this multi-year program is to gradually wean southern Colombia and other regions from coca and opium poppy production and help ensure that reductions in drug cultivation achieved through forced eradication are sustained. While Colombian Government efforts began earlier, implementation of the USAID financed program started in May 2001 with mobilization of the technical assistance team in Colombia. As mentioned earlier in my testimony, this USAID program is therefore not yet one year old.

The initial plan developed with Colombian Government counterparts was for USAID to focus on medium and longer-term income generation efforts while the Colombian implementing agency focused on delivery of short-term immediate assistance to farmers who signed coca reduction pacts with the Government. As it turned out, the demand for participation in these government pacts grew unexpectedly large, but it was politically difficult for the Government to limit its initial offer. As a result, some 37,000 families are reported to have signed 33 different pacts between December 2000 and July 2001. This large number exceeded the Colombian Government's capacity for delivery of immediate assistance. Complicating factors included the remoteness and difficulty of access to the areas where pact signers lived, and a series of security incidents generated by conflicts between FARC guerillas and AUC paramilitaries in the region. These incidents resulted in the death of two Colombian alternative development workers last September. Colombian Government assistance is now being delivered to pact signers (about 8,500 are estimated to have been reached so far). The Government has given pact signers until July 27, 2002, to complete eradication of their coca. After this point, it intends to pursue aerial eradication of remaining coca fields.

An on-the-ground assessment carried out by USAID in October-November 2001 found that many pact signers were skeptical that the Government would complete timely delivery of immediate assistance or resume spraying after July 27, 2002, when President Pastrana's term of office ends. Many have replanted coca in areas that were previously sprayed. Nevertheless, other communities have volunteered to begin eradication immediately in exchange for provision of assistance through USAID grantees. USAID began adjusting its original plan last November to begin working directly with such communities under an "early eradication" program.

Currently (as of March 31, 2002), 50 communities including about 13,000 families have expressed interest in eradicating more than 9,300 hectares of coca, and manual eradication is underway. Recent reports from the field

indicate that up to 1,000 hectares have been eradicated under this program, of which 500 have been verified by alternative development workers, the communities and the Colombian Government agency for alternative development (National Alternative Development Program - PNDA). USAID and the Narcotics Affairs Section in the Embassy are currently working to put into place an arrangement whereby the Colombian Counternarcotics Police will be able to provide an official determination of the actual amount of coca that is voluntarily eradicated. Until that time, USAID will not consider the above figures authoritative.

In exchange for actual eradication progress, communities are being provided assistance with the production of subsistence and some cash crops. In addition, communities are assisted with construction of local infrastructure such as road improvements, bridges, schools, health posts, and community houses that are selected by the communities themselves.

To better adapt the program to security, marketing, and environmental constraints, USAID is making additional adjustments to its implementation strategy as a result of close monitoring of the situation and judging risks and opportunities. These adjustments include:

- Limiting, for the time being, additional investments in larger agro-commercial projects beyond those already initiated. Planned investments in existing heart of palm, rubber and forest product development will take place.
- Tightening the links between alternative development and local government projects and involving local governments in alternative development and coca eradication agreements.
- Expanding the range of partners involved in the alternative development program and using local NGOs as the implementers and contacts with local communities
- particularly in insecure areas.
- Accelerating the original plan to expand alternative development to selected areas beyond southern Colombia. Currently USAID is working in seven departments beyond Putumayo and Caqueta.
- Supporting larger labor intensive infrastructure construction in areas that will be subjected to intensive aerial spraying to provide coca workers with short-term employment and income.

These changes will give USAID the tools and flexibility required to meet the needs of different communities while creating new employment opportunities in a more cost effective manner. Implementing these adjustments will absorb the full amount of planned funding for FY 2002 and FY 2003. As of late March 2002, approximately 5,000 families had benefited from USAID's alternative development assistance. Assuming security conditions permit, USAID anticipates this number will increase significantly over the next few months and that assistance will be provided to nearly 13,000 families as expenditure levels rise to approximately \$36 million by the end of FY 2002.

Carrying out Alternative Development in an insecure and remote region is difficult, dangerous, and takes time. Delays can result from many factors including changes in the security situation; the need to identify, test, and develop useful farmer assistance packages adapted to conditions in the region; and the need to identify, design, contract, and build appropriate infrastructure

projects. Simple changes in weather patterns also limit some agricultural and construction activities in some months of the year when rainfall is heavy.

It is also important to repeat that enforcement programs such as aerial eradication are an essential part of the equation. There are no licit alternatives to coca and on-farm coca paste processing that can come close in terms of income generation for farmers. This makes enforcement efforts essential in achieving the goal of coca reduction.

Lessons from Bolivia, Peru, and Ecuador demonstrate that governance rather than income or poverty levels is the key underlying factor that determines whether or not the coca industry will establish itself, grow, or decline. Governance in this context includes a national government enforcement presence, responsive local governments delivering public services and creating incentives against coca production, cohesive local communities, and a system of individual values or beliefs that reject drug production as a way of life. If local communities work together in a participatory manner and are supported by a visible national government presence with a strong commitment to the eradication of drug crops and a capable military presence, the illicit coca economy can be reduced significantly.

#### **Conclusions:**

USAID's three program areas -- democracy, displaced persons and alternative development -- all contribute to broader US objectives in Colombia. However, it should be clear from my testimony above that the ultimate success of our alternative development program depends critically on our ability to respond quickly to changing conditions and adapt the content of the alternative development program to the needs of specific communities that wish to eradicate drug crops. Success will ultimately depend on four critical and inter-related factors: security, coordination with eradication and interdiction programs, flexibility and pragmatism in implementation of all counter-narcotics programs, and realistic expectations.

Security is the key element. USAID knew that security was a potential problem when Plan Colombia was designed, but it assumed that the Peace Process would be successful and that this success would result in improved security. The collapse of the Peace Talks in January 2002 demonstrates that USAID can no longer assume that there will be peace or that there will be security in many areas of Colombia. The profits from narcotics trafficking are just too large, and some of the combatants are really not interested in peace at the present time. The Colombian military needs to be significantly strengthened to resolve security-related constraints, and respect for human rights must be increased at all levels of society.

Coordination with the eradication and interdiction programs continues to be critical. Farmers don't eradicate based on alternative development alone. Forced eradication is a powerful incentive to join a group that is going to eradicate voluntarily and obtain some alternative development benefits. Effective interdiction reduces the profit margin for drug crops and makes alternative development assistance a much more attractive economic opportunity. If farmers are not lining up to participate in alternative development groups, they must see better options from production of drug crops. This means that we haven't yet reached the right mix or balance between eradication and

alternative development.

Flexibility and pragmatism are needed for all elements of the Colombian counter-narcotics effort. USAID has demonstrated exceptional flexibility and pragmatism by responding quickly to security constraints that greatly limited the effectiveness of agro-industrial enterprises as the principal mechanism for alternative development assistance. Similar flexibility may be needed by the forced eradication and interdiction elements of our counter-narcotics program.

Finally, while the three factors listed above are undeniably important, perhaps the most important factor is realistic expectations. Everything we know about alternative development tells us this is a long-term endeavor. The USAID alternative development program was designed to support reduction of 30,000 hectares of coca and 3,000 hectares of opium poppy in five to seven years at a total cost of \$303.5 million dollars. USAID intends to live up to its end of the bargain if it is given the time and resources required to do the job. The trauma of the existing conflict and economic decline creates a threat and an opportunity. The threat is that the present conflict can encourage support for repressive solutions. The opportunity is that fear will help shake loose old patterns of thinking and help build new consensus around values of greater individual freedom and equality.

Colombia matters to the United States. Our programs are just under way, and we must maintain forward momentum. The United States Agency for International Development asks for your continued support.

Mr. Chairman, this concludes my testimony. I would be happy to answer any of your or the Committee's questions