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Coca Temptation: Why Do Some Farmers Grow it and Other Do Not? The Case Study of an Indigenous Community in Peru

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Abstract

Coca is a native bush from the Amazon rainforest. The leaves of this bush have been traditionally used by indigenous populations for thousands of years. Traditional uses include chewing coca leaves as stimulant to overcome fatigue and offering them to the gods during religious ceremonies. Moreover indigenous populations invite and exchange coca leaves to show caring and respect to others. Coca is therefore a social cohesion facilitator and an important part of indigenous populations' cultural baggage.

Unfortunately, since the 1970s coca cultivation have largely grown in Colombia, Peru and Bolivia as raw material for cocaine production. Those countries supply 99% of the cocaine worldwide (Colombia around 60%, Peru 30%, and Bolivia 10%). Growing coca for narco-trafficking business is a highly profitable activity. It is believed that farmers grow coca as cash crop because they lack alternative profitable crops. In fact, most of the coca growing regions are located in remote areas without appropriate transportation systems. Transaction costs are high, and thus it is difficult for farmers to make a living by cultivating legal crops.

Actually, high profits could not be the only reasons why farmers are willing to grow coca. Coca cultivation could have other advantages. Coca bushes can be harvested three-four times per year. In contrast, coffee and cacao, the main alternative crops, can only be harvested once per year. So, coca could serve as saving account that provides constant monetary resources all-year round. In addition, coca could provide farmers with the financial support to face large expenses like weddings, and even the expansion of coffee or other legal cash crops areas. The presence of the Government in coca growing areas is almost null; and in general, farmers do not have access to formal credit.

There is a lack of research about the role that coca plays in the socio-economy of individual farmers mainly because of the absence of data. This research tries to explain the determinants of coca growing decisions by analysing a unique individual household-level database collected last year from an indigenous community in Peru. The methodology used include bivariate probit and multinomial logit models.

Keywords: Bivariate probit, coca, illicit drugs, multinomial logit, Peru