

The recent changes at UNODC and its role in advancing and innovating anti-drug policies:

Old Wine in New Cleaner Bottles?



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Authors:

Francisco E. Thoumi

Drugs and Crime Monitoring and Research Center
Department of Economics, Universidad del Rosario, - *Bogotá*

Jorrit E.M. Kamminga

Drug policy consultant - *Madrid*

"It is the customary fate of new truths to begin as heresies and to end as superstitions."

Thomas Huxley

--The Coming of Age of the Origin of Species

I. Introduction

In the late 1990s UNODC experienced a deep managerial crisis that led to the resignation of its executive director in 2001. The crisis was triggered by perceived misuse of funds and abuse of authority at the highest levels. During the last two years, under new leadership, UNODC has been undergoing a reform process aimed at enhancing governance and transparency and establishing clear priorities. These changes aim to regain credibility and attract funding. There is no doubt that addressing the problems of bureaucratic misconduct is a significant improvement in UNODC's capabilities to implement current policies. A question however is whether the United Nations system can also improve in its role in policy formulation, innovation and evaluation. In this essay it is argued that UNODC has advanced in tackling the first type of problems but it is still lagging in the second. Furthermore, the Commission on Narcotic Drugs (CND) is responsible of setting policy guidelines for UNODC's but the large clout of the main donor countries result in policies being formulated by a small "club" within CND that stymies open debate of policy options not approved by them.

Section II discusses the recent budgets of UNODC and how they reflect and contribute to the institution's reforms. Section III comments on the changes made recently to enhance UNODC's governance and transparency and on the continuing limitations it confronts. Section IV comments on the role of the main UNODC donors and raises questions that UNODC is not able to posit that are key to its ability to confront the expanding illicit drug market in the world.

II. UNODC's finances and their structure

The UNODC budget sources and conformations are a key element to understand the limitations and strengths of the organization. The UNODC budget is composed of several types of funds. First, regular budget funds provided by the United Nations system that can be looked at as the general members' contribution to UNODC and in principle, are distant from member states' policy priorities. The amount of these funds is very stable but could change through the years. Second, voluntary contributions made by countries. These fall in two categories: general and special purpose funds. General-purpose funds are not earmarked and UNODC can decide how to use them. Special purpose funds are tied by the source of funding and can further be divided in soft earmarked funding (targeting a region or theme) and hard earmarked funding (specific projects or even a specific budget line).

In recent years most funds have been earmarked. As shown below, in the new biennium budget past trends continue as hard earmarking continue to dominate over soft earmarking and special purpose funds still dominate over general purpose funds.

The documents of the reconvened 46th Session of the CND (November 26-28, 2003) provide useful information on the past (2003/2004) and current biennia's (2004/2005) budget. The foreword of the Executive Report confirms that the current consolidated budget for the biennium 2004-2005 is the third and final step in the UNODC reform process. The first two steps provided a definition of the operational priorities of the Office for the medium term, presented to Member States in December 2002 and the internal reorganization of the Office. These measures can all be seen in the context of enhancing governance and establishing clear priorities. The Report integrates the drugs, crime and terrorism programmes of the Office and resource requirements into a single operational context.

According to the Report "[t]he consolidated budget consists of two main parts: a programme budget covering normative, technical cooperation and core activities; and a

support budget necessary to enable the programme to be implemented by region and theme. The programme budget is mostly funded from earmarked voluntary funds, and the support budget from general-purpose voluntary funds. The regular budget of the United Nations funds normative activities, some core activities and a few support functions.”

A. Evaluation of the 2002-2003 biennium budget

1. General points

After the difficult 2002 management transition year, continuing efforts at good governance have improved the situation and environment in which UNODC operates. General-purpose income increased from US\$15 million in 2002 to US\$18.5 million in 2003. The perceived overall stabilization of the Office (based on the reform process) and the adoption of CND resolution 46/9 (securing assured and predictable funding for UNDCP) causes the Organization to think that “sufficient general-purpose funds should be available in the future to allow for the extension of staff and other contractual commitments at least on an annual basis.” The general-purpose funds are projected at around US\$10 million in the biennium 2004-2005. However, the Report indicates that additional funds have to be raised to get to the optimal balance of US\$15 million in general purpose funds. These untied funds, which had almost disappeared in mid-2002, are essential to provide UNODC with flexibility and with funding for activities that are not covered by the earmarked funds (special purpose funds). The Report recognizes the positive relation between good governance and obtaining more general-purpose funds.

Within the 2002-2003 period two important changes can be pointed out. First, activities aimed at suppressing trafficking increased substantially (from 28 to 43 percent). The Report says the cause for this difference lays mainly in the increase of law enforcement activities in Brazil. Second, demand reduction activities decreased both in percentage (from 34 to 25 percent) and in absolute terms. This development

shows first a shift away from demand reduction activities that had have constituted about a third of the overall operational portfolio. This shift has some alarming characteristics: 50 percent of the present allocation to demand reduction is directed to a single project in Brazil targeting HIV/AIDS at a time when illicit drug consumption has grown to very high levels in some less developed countries that have traditionally been mainly producers or transit countries. These countries are poor and require foreign aid. The deteriorating position of demand reduction versus law enforcement is partly seen by the Report as a result of the fact that “[...] drug demand reduction activities in general are not assigned high priority” by the donor countries.

Moreover the Report asserts: “[the] situation, in turn, seriously restricts the capacity of the Office to assist Member States in the production of reliable drug abuse data and in the development of best practice advice and model projects for demand reduction.” As such, UNODC presents the decrease in supply reduction activities as mostly the result of member states’ priorities. The development clearly goes against one of the six main policy principles, drafted in late 2002 as guidelines for the medium term that underscores the necessity to balance prevention and enforcement activities. UNODC counters this argument by pointing to the need for “enabling conditions that must exist for the effective application of the operational priorities. At the top of the list is the requirement for sound, predictable and stable financing.”

2. Special-purpose funds

Although it is clear that most contributions to UNODC are special-purpose funds as opposed to general-purpose funds and its regular budget, as noted, these can be earmarked in two ways: soft earmarking and hard earmarking. Soft-earmarked funds together with general purpose funds can be considered as the basis for flexibility and decide whether it is possible to spent money on projects or programmes that do not receive earmarked budget. Since few donor countries contribute soft earmarking and

special-purpose funds dominate general-purpose funds, it is clear that flexibility is hard to achieve. The Organization itself says the trend towards more special-purpose funds and the lack of soft-earmarked funds has caused the “lower delivery” of UNODC.

3. Implications for Personnel

The large share of special-purpose funds is a main source personnel anguish. In 2002 and 2003 the adverse financial situation of the general-purpose funds, led to the limitation on contract extensions to six months for personnel paid out of this type of funding and to freezing recruitment for vacant posts. In May 2003, the Executive Director decided to revert to one-year extensions for staff funded by general-purpose funds, as overall funding conditions were improved. However, this clearly shows that the ability to operate and to effectively use human resources (and probably staff morale) is influenced to a large extent by the voluntary funding of donor countries.

B. Towards a 2004-2005 budget

1. The figures

According to the report, ‘[t]he programme budget for the biennium 2004-2005 reflects the commitment to enhance performance and results through strategic priority-setting involving all stakeholders, better planning of activities and more effective field delivery. The chief aims are the integration of the drugs and crime programmes and the implementation of cautious growth under strict budget discipline.’

Table 1 shows the 2003-2004 and the projected 2004-2005 programme budgets.

Table 1

	Programme Budget (millions of US\$)	Voluntary Contributions (millions of US\$)	Regular Budget (millions of US\$)
Budget 2002-2003	160.1	139.4	20.7
Budget 2004-2005 (Base scenario)	180.4	155.2	25.2
Budget 2004-2005 (High scenario)	191.1	165.9	25.2

This budget projection constitutes an overall budget increase of between 12.7 and 19.4 percent. The structure of the budget is depicted in Table 2.

Table 2

Budget structure (base scenario)	Millions US\$
Field-based projects (voluntary contributions)	138.1
Core programmes (voluntary contributions)	17.1
Core programmes (regular budget)	10.3
Normative work	14.9
Total:	180.4

The increase in the programme budget is based on the assumption that the voluntary contributions from traditional donors will remain on trend and the voluntary contributions from non-traditional donors will grow moderately. The latter development is expected because the Office “gains experience in negotiating new co-financing arrangements with a greater number of assisted countries, international organizations, and the private sector.” These co-financing plans or operations, which should increase the donor base of non-traditional donors, are still in their initial stages. Therefore, they are only included in the high scenario of the projected 2004-2005 budget.

The Report indicates that the total consolidated budget of the Office for 2004-2005 is "proposed at \$224.8 million, as compared to \$198.8 million for 2002-2003, representing an increase of 13 per cent. The budget increase will be funded almost entirely from existing fund balances." The latter remark means that funds are shifted from the 2002-2003 budget to its biennium successor which implies that there is no real increase contribution by donor countries.

2. Income composition

The composition of the income between into general purpose, special purpose and regular budget funds, is not expected to change significantly between 2002-2003 and 2004-2005. Thirteen to fifteen percent is regular budget; 19 percent is general purpose and between 66 and 68 percent constitutes special purpose funds. This means the income of UNODC remains dominated by special purpose funds, which limits the choice of options when programmes and projects are developed. Priorities or areas that are not covered by special-purpose funds can only be funded out of general-purpose funds.

3. Regional composition

There is a remarkable shift in the composition of the budget between the past and present biennium is seen in the West and Central Asia region, which gets 17 percent of the total budget (compared to 11 percent in 2002-2003). The reason for this is the increased strategic importance of this region in terms of drugs and crime. Less money will be allocated to the Africa and the Middle-East regions, which is partly the result of donors earmarking resources to other regions. The region Central and Eastern Europe will also get substantially less budget (a decrease of 39 percent, from US\$6.9 million to US\$4.2 million, which is remarkable considering the new challenges that will arise from EU membership for quite a few countries in this region). These challenges are recognized by the Office. However, new projects (e.g. with the Russian Federation) should start early 2004 and could weaken or revert this remarkable shift.

4. Thematic composition

The 2004-2005 composition on the basis of themes cannot be easily compared to its predecessor because of a change in terminology. This results in a decrease of thematic areas from 11 to 7. These are the following: Management and Support, Global Challenges, Anti-trafficking, Rule of Law, Terrorism Prevention, Normative Work, Other Core Work.

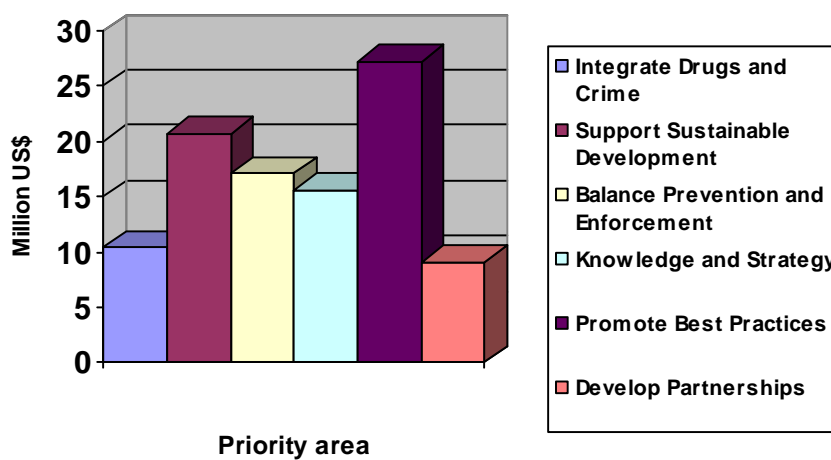
The somewhat vague term “global challenges” takes up a substantial 41 percent of the 2004-2005 budget. It includes HIV/AIDS; Prevention, Treatment and Rehabilitation; and Sustainable Livelihoods. The second biggest portion is dedicated to anti-trafficking measures that constitute between 24 and 25 percent. This is divided between counter-narcotics enforcement, anti-organized-crime and anti-human-trafficking efforts. Money spent on prevention of terrorism will double from \$0.8 million to between \$1.9 and \$2.2 million (about 1 percent of the budget). Alternative development (17 percent in 2002-2003 and a recipient of a much higher in the 1980s and 1990s, frequently exceeding 50%) has disappeared as a separate category, but is now incorporated under ‘global challenges’ under the term ‘sustainable livelihoods’. The other new category is ‘Rule of Law’, which is divided between anti-corruption, anti-money-laundering and criminal justice reform. This section takes up between 4 and 5 percent of the 2004-2005 biennium budget.

These changes reflect the growing importance of organized crime and terrorism relative to illicit drugs in the international arena. Unfortunately, since the total budget of UNDCP remains relatively stable, this translates in budgetary shifts from anti-drug programmes to those against organized crime and terrorism. When the 2004-2005 biennium budget is put in the context of the six operational priorities established to guide the reform process of UNODC, the situation can be depicted in Figure 1. The highest priority is given to promoting best practices, which is described as ‘helping to

establish institutions that promote international best practices will underline the catalytic role and relevance of the Office in the context of broader capacity-building projects involving governments and other partners.'

Figure 1

Programme Budget by Operational Priorities 2004-2005

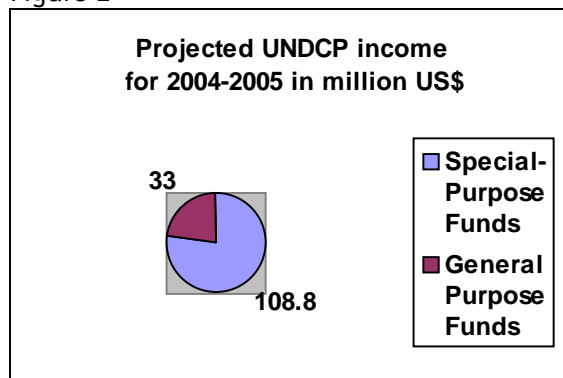


5. Risk assessment

The Report makes a budgetary risk assessment that relates the risk (budget sensitivity) to the three types of budget sources: general-purpose, special-purpose and regular budget. The regular budget is the most stable source and is known well in advance which provides stability. The special-purpose budget is (mostly) tied to specific projects, which means the risk is manageable since a budget cut simply means that a (planned) projects will be put on hold (with corresponding adjustments in the programme budget). Most risk is related to the general-purpose funds, as the support infrastructure is based on this type of funding and it directly affects the organization's ability to be flexible. Basically, only what is left after financing the support infrastructure can be spent on other projects, priorities or areas not dealt with under the earmarked special-purpose funds. The risk assessment thus leads to the Office

pledging the donor countries for more general-purpose funds. For 2004-2005, the composition of the UNDCP fund is depicted in Figure 2. Projected special-purpose will amount to US\$ 108.8 million, while general-purpose funds are expected to amount to US\$ 33 million. The former number represents a small decrease, while the latter represents a small increase compared to the previous biennium. This leads to a projected total income for UNDCP of US\$ 141.8 million.

Figure 2



In 2004-2005, the so-called programme-to-support ratio will remain 78 to 22. That is, from every US\$, 78 cents is spent on programmes, 22 cents is spent on the supporting infrastructure (4 cents allocated to management and organization and 18 cent to programme support activities).

6. Co-financing by member states and international organizations

The total number of member states that will co-finance projects within their territory is expected to rise. Brazil will continue to contribute around US\$18.5 million in the biennium 2004-2005, while Bolivia, Mexico, Peru, Nigeria, Egypt and Thailand are also expected to contribute to projects. New cost-sharing agreements will be negotiated with China, Mexico and the Russian Federation. Towards international organizations, the Report mentions that '[t]he Fund of the Organization of Petroleum Exporting Countries has made an initial contribution in 2003 of \$0.2 million. Interagency cooperation between UNDCP and UNAIDS is growing, with the signing of agreements on

funding in the area of HIV/AIDS and drug control.’ These projected co-financing arrangements lead to the high scenario of the biennium 2004-2005 budget.

7. Programme and Financial Information Management (Proffi) System

One of the reforms implemented by UNODC was the creation of the ProFi system, a flexible and transparent system, described by UNODC as capable of delivering most of the resource management requirements of the Office in the short and long term. ProFi puts Financial and other Project information online for member states to access it, increasing transparency. The system will be expanded in 2004 to provide for real-time access to substantive information on project activities. To update and expand the system to phase II, UNODC proposed a 1% “tax” on each project allocation to be spent on ProFi.

During the Reconvened, many member states were unhappy with this extra “tax” as it would be added to the regular 13 % of overhead costs the Office applies. Therefore, this step was seen as an unwelcome precedent to raise overhead costs from 13 to 14 percent. The result was that the resolution (leading to the adoption of the budget) was adopted as a whole, but with the clear remark within the report that “the adoption did not count for the extra 1% for ProFi”.

III. The implications of the reforms and the new budget

The stabilization process, which included both reform and good governance measures, advanced in restoring the confidence in the Office, which can be seen by the increased contributions from the larger traditional donors after 2002. The changes made, however, dealt with the pressing mismanagement issues that led to the 2000-2001 crisis but have not confronted some of the most important structural weaknesses of UNODC.

The reforms have focused on improving governance and transparency. These were motivated by earlier arbitrary firings and questionable contracts (there is no doubt that in the future, funds will not be used to hire a sailboat captain as a consultant). The reforms, however, have not produced large increases in funding or attracted non-traditional donors. At the moment the projected funding for the 2004-2005 cycle is not very different from the previous biennium, with general-purpose funds only slightly increasing and special-purpose funds moderately decreasing.

The size of UNODC's budget is critical. The organization started as a drug control agency and today it is responsible for fighting organized crime, money laundering and terrorism. Yet, the budget remains at levels similar to those of the past. One has to wonder to what extent the new focus on terrorism will detract from the drug control role.

Today UNODC has to deal with more issues that are intertwined and increasingly complex. Its budget, however, has remained rather stable forcing a shift away from traditional anti-drug programmes. At the same time, illicit drug consumption has expanded in the world, new drugs have appeared and new actors are now in the illegal drug markets. The need for an overall increase in funding is pressing if the agency is to meet its goals.

The current budget size is so inadequate that one single project like the one implemented in Brazil results in a large change in the funding proportions among various components such as demand reduction, alternative development, etc. Similar changes are observed in the regional distribution when new projects appear. UNODC has shifted its regional focus as West and Central Asia receive now a much higher share of funds than in the past while Africa and the Middle East have a sharp decline. These changes are a direct response to the American reaction to the September 11, 2001 events that resulted in the Afghanistan and Iraq invasions. Member states at the reconvened CND session were unhappy about the fact that Africa is getting less money. The African countries argued that more money and international effort is necessary to stop the consumption and production of cannabis in Africa and to fund alternative development projects. The decline in the funding shares of demand reduction and alternative development programmes show that the *carrot* side of UNODC activities has declined and its *stick* has become bigger.

The changes of the last few years reflect UNODC's dependence on current events and the interests of the main donors. It is clear that the September 11, 2001 events changed the relative importance of organized crime and terrorism, and illegal drugs and UNODC had to change with it. The main experience of UNODC has been in the drug control field. The illegal drug markets have not shrunk and they actually have become increasingly more complex as new products, actors and markets have developed. Furthermore, drugs have become intertwined with organized crime, subversive groups and terrorist organizations. These changes call for a deeper analysis of the drug phenomena and for innovative policies. The drug field needs more, not less resources now. In other words, the appearance of new issues such as organized crime and terrorism call for a complementary approach by the United Nations in dealing with these issues. Unfortunately, the budget experience at UNODC indicates that the newer issues are substituting for drugs as their share of the funding increases and the share and actual level of the funds devoted to the drug issue decline while the overall budget remains relatively stable.

Next to an overall increase in funding, there is a need for more general-purpose funds and/or more soft-earmarked special-purpose funds to increase the flexibility of UNODC and the ability of the Organization to initiate, investigate and support alternative activities, independent from the priorities of the donor countries. This could lead to a reversal of the trend towards more law enforcement and less demand reduction. In the short-term, with overall income remaining stable, the Office thinks it can do more with the present resources through more effective co-financing by assisted member states. Apart from member states, the Office plans to develop co-financing arrangements with the international financial institutions and bilateral loan programmes and plans to identify private sector and United Nations inter-agency funding sources.

The new trend towards co-financing also has important implications. The Office thinks this source of funding will increase in the future as the Office “gains experience in negotiating new co-financing arrangements with a greater number of assisted countries, international organizations, and the private sector.” The increased participation of project co-financing by receptor countries calls for policy transparency and review. If less developed countries pay for alternative development and drug supply control projects, they simply cannot afford to have they fail. In the past these projects had local support and were not required to succeed because they were perceived as freebies, now will be under greater scrutiny.

At the moment, UNODC has insufficient funding (particularly lack of general purpose funding). Disagreement among donor member states is also an issue. These problems are obstacles to implement the Office’s stated priorities and are reasons why it is difficult to discuss its performance. However, the need for transparency and good governance should be discussed without hiding in these two issues. This is especially true because transparency and good governance are the basis for credibility, solid funding and long-term stability, and not the other way around.

On the positive side, it is important to acknowledge the new 2004-2005 Consolidated Budget was adopted by the reconvened 46th Session of the CND (November 26-28,

2003) with remarkable enthusiasm and support by member states. Indeed, the 2004-2005 budget was approved without too much hassle and the budget resolution was adopted as a whole. The only issue that led to a significant debate was the ProFi system which is an important part of the management reforms. Furthermore, the discussion about the proposed funding of ProFi was postponed following strong objections from some member states. This indicates that innovative programmes require UNODC management to devote more effort to convincing donor countries.

In general, the member states welcomed UNODC's attempt to present a budget that for the first time integrates the drugs, crime and terrorism programmes and resource requirements into a single operational context. As noted, this budgetary transformation was presented by UNODC as the third and final step of the reform process that started in 2002, after setting out the operational priorities of the Office for the medium term and the change in management.

The reforms have increased the stability of UNODC but its funding is still precarious and an obstacle to building a stable, transparent and accountable organization. Current funding allowed an increase in the length of many employees' contracts from six months to a year. This reflects a still very unstable situation for many of the staff and one that is not conducive to critical or innovative actions. It is important to remember that the short length of most contracts allowed the previous executive director to fire a number of qualified professionals who dissented from and were critical of his authoritarian tendencies. There is no question that the short contract length create significant incentives for all employees to act as "yes men and women" and is an obstacle for internal self criticism and critical policy debate. At the same time, one wonders how many of the staff would be looking for more stable jobs within the UN system or outside of it. If this situation continues, the rebuilding of the institution may be imperiled.

Lastly, UNODC's full-fledged attempt to produce more transparency and good governance, to set clear priorities and guidelines for the medium and long term and to

put an end to internal corruption have produced two contradictory reactions from member states. On the one hand, member states seem to be generally content with the reform process. This, however, does not stop some member states from demanding yet more reforms such as the development of “performance indicators” or from supporting the idea of an “Integrity Panel” as proposed by Executive Director Costa. On the other hand –and more remarkably – member states are concerned that the Office is now doing too much to show its ability to behave as ‘a good boy’ with a sound and integrated budget, more transparency, good governance and staff integrity. This creates an atmosphere of suspicion around the Office and constitutes an additional cost, while the overall budget remains more or less the same.

IV. Some key non-addressed issues.

In an ideal world UNODC would be more independent from the main donor countries, it would be able to develop strategies based on its own experience and on empirically validated evidence. If this is not achieved, the current changes would at best produce an honest organization that would continue implementing policies that have been highly questioned in the past. In other words, transparency and accountability must be applied to the policy formulation and implementation aspects of UNODC, not only to bureaucratic issues such as personnel appointments, consulting jobs assignments and the like.

The reforms of UNODC have been positive but they failed to deal with one crucial element within the structure of UNODC: the interplay between the CND, the Major Donors and the Office itself. While the CND, which represents all member states, should be the central policy-making body within the United Nations system dealing with drug-related matters and should provide UNODC with guidelines and directions, actually, the Major Donors have been playing this role all along. The Major Donors organize twice a year a closed Major Donors’ Meeting that is a de-facto restricted *club* of member states which contribute about half of the annual budget of UNDCP. This funding pattern

directly translates into a situation where the principle of *quid pro quo* reigns and Major Donors decision-making power' is related to the size of their contributions.

Within the Major Donors club, the power is distributed according to this principle. Three donors (Italy, the United States and Sweden) traditionally form the power triumvirate where the traditional biggest donor (Italy) automatically receives the position of UNODC Executive Director. Moreover, it is no coincidence the current dominance of repressive measures to combat the global drug problem and the difficulties the Office has in incorporating health-related and other harm reduction principles resemble the national policies of the three Major Donors.

Recent discussions on the criteria new member should fulfill upon entering the Major Donor club shed more light on the restrictive nature of this quasi central decision-making body. New members should contribute about US\$ 500,000 on a yearly basis, which is a criterion some current Major Donor countries do not currently fulfill themselves. At the moment, UNODC is not able to do much about the power play of Major Donors, as criticism could easily lead to funding shortage. Therefore, the current situation in which the programme of UNODC is determined by the political interest of the Major Donors and where there is little room to experiment with policies or programmes that are not approved by these countries, is unlikely to change, unless the UN itself recognizes that the current funding relationship goes against the principles of diversity, toleration and transparency that the UN abides by and against the organizational structure of UNODC.

Focusing on the drug issues, the UNODC needs to start acknowledging the consequences of their complexity and the limited knowledge about them. Issues relating to mind altering drugs are characterized by great complexity and imperfect information. Drug (and crime) issues have moral and ethical dimensions as well as public health, economic, political, social and cultural, statistical, legal, environmental, etc. aspects. Furthermore, the knowledge about the interplay of all these factors is fuzzy at best. Indeed, many policies are implementing to "fight" illegal activities without knowing

what their effects really are. In a field of profound moral and scientific uncertainty, policies are formulated under strong convictions of moral and scientific certitude. A good policy must take into account all these elements if it is going to succeed without having “unintended undesirable consequences”. Not surprisingly, most of the time today’s policies fail to achieve the results posited by their proponents.

The diversity and complexity of issues involved requires an open mind, a diversified first-rate professional staff, and a willingness to recognize the limitations of each discipline in confronting drug issues. It is then necessary to continually evaluate policies and to try new approaches when policies face problems. It is also necessary to acknowledge that complexity implies that trial and error attempts are likely to produce many errors and that nobody can have many answers and that we are all in a learning process. Unfortunately, existing values and ideologies tend to preclude that learning process among their adepts because they already “know”.

Mind altering drugs generate very emotional and deeply felt reactions based on basic individual beliefs, not on knowledge. For this reason the positions most people take about how to deal with drug production, trafficking and consumption are conditioned by their belief systems. The debate about mind-altering drugs reflects those beliefs to a point that it can be asserted that such debate is really a surrogate for other unspoken debates about fundamental cultural differences. In the case of Europe and the Americas there are three unspoken confrontations hidden behind the debate about mind-altering drugs. First, a confrontation between United States puritan values and European pragmatism. This leads to very different positions about how to deal with drug addiction and consumption. Americans want to “solve and eliminate the drug problem”. Europeans “know that they have to cope with it”. Second, a confrontation between the puritan values of the United States and Andean countries’ anomie and individualism. The United States seeks to “eliminate the drug problem” while Andean citizens (and many other Latin Americans) completely distrust the state and “know that the United States has a double moral; that many Americans make money in drugs and that their own states cannot eliminate drug production”. Third, there is a confrontation within

the Andean countries between the elites and the peasants and traffickers. The latter groups “know that they have been exploited, that drugs provide upward mobility channels in highly stratified societies and that for the first time in centuries, because of drugs, they have political power”.

Not surprisingly, American policies are very repressive, most European countries want more flexibility to cope with consumption issues, many intellectuals in the Andean countries claim for “legalization” without even explaining what they mean by that term and those who support peasants argue for their right to grow as much “sacred” coca as they want. These value-based positions result in a cacophonous dialogue among the deaf.

The highly value laden positions toward mind altering drugs require that UNODC take positions based as much as possible on empirical evidence acknowledging at the same time the limits of current knowledge. Many bureaucracies are adept at evading empirical evidence when it goes against their own policies or beliefs. Some evasive methods are simple. First, neuroscience, statistics, economics and other sciences are complex and not too many people understand them profoundly enough to differentiate plausible and proven facts. Most people’s weak knowledge is obviated appealing to higher authorities. The use of experts’ testimony becomes a substitute for learning and understanding. Since it is easy to find qualified mercenaries in any field, it is possible to hire experts to support almost any position. Morals, ethics and values are important and everyone is entitled to his or her own opinions, but nobody is entitled to have those opinions validated by facts.

UNODC has to comply with the anti-drug conventions. These conventions have been the result of a long evolution that started in the 1920s under the League of Nations and led to the 1961 Single Convention and later modifications. While UNODC is guided by them, it is also the body with the greatest experience and information about mind altering drugs in the world. These have accumulated in large quantities since the 1961 Single Convention. Today there are more drugs, more illegal actors, diverse, newer and more sophisticated technologies, and a lot more is known about drug consumption,

trafficking and production. For these reasons the Conventions should be respected, but they should not be considered as dogmas that have responded all questions and that could not be improved or modified given the new development and evidence.

Moral and ethical aspects associated to mind altering drugs are important and have played a key role in the formulation of the conventions and anti-drug policies. Unfortunately, when actions are based solely on strongly held moral and ethical issues, they frequently lead to costly and unjustifiable situations. The Spanish Inquisition, the Crusades and the current Jihads are examples of actions based on strong moral truths that result in great harm to humanity and that contradict the main United Nations values of tolerance of diversity and human rights preservation and affirmation.

In the past UNODC and its predecessor organizations have not been transparent in handling evidence and at times they have actually manipulated and twisted the evidence to portray a mistaken vision of the drug phenomena. Furthermore, many important issues discussed and policies questioned informally by its staff, have been taboo to discuss openly.

One issue has been data manipulation. A couple of well-known incidents come to mind. First, in 1989 the executive secretary decided to use the size of the world illegal drugs' market to illustrate an argument in a public speech. Nobody had such figure and one was produced "scientifically" within a few minutes. This is the origin of the magic \$500 billion of world annual drug sales that has been used by journalists since then. Indeed, "everybody knows that the UN estimated the size of the world drugs market at \$500 billion". By 1997 UNDCP staff was well aware that such figure was exaggerated and wanted to lower it. The 1997 World Drug Report asserts: "Many estimates have been made of the total revenue accruing to the illicit drug industry – most range from US\$300 billion to US\$500 billion. However, a growing body of evidence suggests that the true figure lies somewhere around the US\$400 billion. As demonstrated in Fig. 4.1, a US\$400 billion turnover would be equivalent to approximately eight percent of total international trade". Unfortunately, they did not provide references to those many

studies and we have not been able to locate a single one of them. The history of these estimates is interesting, if very frustrating. Naylor (2002: 33) traces the origin of the \$500 billion to the late 1980s: "The \$500 billion figure was the result of 'research' attempted by the United Nations agency responsible for coordinating the global assault on drug trafficking – when the boss was desperate for a quick number before a press conference" after which that figure received widespread publicity and put UNDCP in a delicate position since it had to justify it.

After the \$500 billion "estimate" was divulged, the UNDCP's research section revised in more detail the data it had available and concluded that such a number was exaggerated, and could not be used in the 1997 World Drug Report. It is apparent that the original \$500 billion figure was too high, and UNDCP had to avoid embarrassment. To avoid potential critics, UNDCP decided to lower it somewhat, and came up with \$400 billion.

The lower \$400 billion figure is claimed to have been based on another UNDCP (1997b) publication. This is a 60 page study, part of UNDCP technical series, that covers a wide set of issues including drug production, seizures, consumption and the social and economic consequences of drug abuse and trafficking. These include the effects on employment and productivity, determinants of illicit drug prices, effects on balance of payments, on financial systems, on investment and savings, on family and community, health, education, environment, crime, corruption and dangers for civil society. This is certainly not a document arrived at by a serious effort to determine the size of the illegal drug industry, although it does puts together the results of various studies to obtain a figure for the total world turnover of the illegal industry. However, those studies do not follow a common methodology, and have been written by unrelated groups. The result is just a total that includes not only apples and pears but also bananas and an assortment of tropical and temperate zone fruits, an aggregation of incomparable elements.

“UNDCP’s statement that illicit drug trafficking accounts for eight percent of world international trade is yet more incomprehensible than its \$500 or \$400 billion figure because it is clearly a comparison between apples and pears. The \$400 billion figure is turnover at the retail level, a much higher one than the value of illicit international drug trade. Using the cocaine market as an example, one can say that the wholesale cocaine price ready for export in “Andinia” is about \$1,500 per kilogram. The wholesale import price in the United States is around \$15,000 to \$18,000 and the retail value sold by the gram can reach \$120,000. The question is: which of these figures should be used in the comparison with global international trade? It is obvious that it should be one of the first two, but not the third one used by UNDCP”.

If one uses “Andinia’s” export price, the estimate should be about eighty times lower than if one uses the last figure, that is, about 0.1 percent of global trade. If one uses the United States import price, the figure would be about 1 percent of global trade. Apparently, none of these two estimates were satisfactory to UNDCP, perhaps because they did not show that illicit drug trade represented a large share of global international trade. Furthermore, any serious estimate should study the difference between wholesale export and import prices that is about 1,000 percent, compared to about 5 to 15 percent in licit trade. The actual trade routes are another interesting difference between licit and illicit trade. Legal trade normally flows directly from producer to user country. Illegal trade frequently goes through several transit places that charge a “passing through tax” before reaching the final destination. The nature of transportation costs in illegal goods is very different from those in the legal sector.

A cruder case of data manipulation has taken place in dealing with the evidence that the prevalence of problem drug users in the Netherlands is very low despite the legal sale of small marijuana doses. Problem drug users according to the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) is “intravenous drug use or long-duration/regular use of opiates, cocaine or amphetamines”. For example, EMCDDA (2003: 19) shows that the Netherlands has the lowest prevalence of problem drug users among 14 European countries. These data also shows that Luxembourg has the highest

prevalence figures a fact that provides a “solution” to the low figures for the Netherlands. Thus, on occasions UNDCP and UNODCCP have used an average, frequently un-weighted, for Benelux. This is the case in the UN World Drug Report 2000 (UNODCCP, 2000: 93).¹

These cases show that in the past UNODC has manipulated data for political purposes. One wonders if the staff did not think that high overall figures for the illicit drug market and a high prevalence of problem drug users in the Netherlands were necessary to secure budget funding to continue promoting repressive policies.

More important than data manipulation, there are many policy issues that cannot be debated openly at UNODC. The following are just a few examples. On the consumption side, studies show that cocaine and heroin use is statistically associated to earlier marijuana use, premature pregnancies and young people growing in broken homes. These studies are used to claim that marijuana is an “entry” drug to cocaine and heroin and thus, it should be placed in the same category as them. Other evidence shows that the brain receptors for marijuana are different from those of heroin and cocaine which actually coincide with those of nicotine and alcohol. Furthermore, most marijuana users do not go on to become cocaine and heroin users. These sets of evidence raise several questions that cannot be raised within the UNODC. First, no questions can be raised about the mechanism by which marijuana use leads to cocaine and heroin use. Two possible mechanisms come to mind: one, marijuana use alters the mind in a way that generates a craving for other drugs. A second would be simply that some young people like to experiment with drugs and forbidden acts and they just try marijuana as part of their experimentation and that later on they try what they perceive as riskier drugs. In the first case there would be a direct link between marijuana and posterior cocaine and heroin use. In the second case that link would not exist. Second, the brain receptors for nicotine and alcohol are the same as those for cocaine and heroin imply a similar treatment for those other mind-altering drugs? Third, since the same relationship exists

¹ This presents a further problem since the ENCDDA (2003) report does not provide any data for Belgium!

between marijuana and premature pregnancies on the one hand and later cocaine and heroin use on the other, should premature pregnancies and marijuana be treated similarly?

On the drug production side there is an innumerable set of non-debatable issues. First, “everybody knows that illegal drugs are produced because they are profitable”. However, despite the high profits involved, most countries that can produce drugs do not. In other words, profitability is a necessary but not a sufficient condition for a country to produce illicit drugs. Indeed, illicit drug production occurs mainly in countries with deep institutional problems: those in which the state presence over large areas is minimal, those where there are armed insurgent groups, those with areas controlled by ethnic minorities that do not feel loyalty to the central state, those that have experienced great institutional crises, those that have long traditions of contraband and other illegal economic activities, etc. The empirical point is simply that illegal drug production and the development of illegal social support networks take place in countries with institutions that allow that those development. Therefore, simple policies that attempt to lower illicit drug profitability in an area or country do not attack the basic causes of drug production and trafficking. This does not mean that traditional policies are useless, it only means that it cannot be expected that they alone “solve the drug problem”. Unfortunately, discussing these issues is not easy at UNODC.

On a more down to earth level, UNDCP has been funding alternative development (AD) projects for several decades. There is no question that UNDCP personnel have great knowledge about how to go about formulating and implementing AD projects and about the conditions for success. Yet, there is no open discussion about some of the most important lessons. For instance, questions such as what institutions and characteristics of the Thailand case and what new developments were instrumental in AD success in that country? What lessons can be draw from that experience? What can be done or has been done to prevent the balloon effect from occurring? Are not openly discussed.

Lessons from some experiences must be used to improve the chances of success in others. For example, the Colombian forester and game warden families program was designed and implemented without any inputs from UNDCP's failed experience in Thailand. Yet, UNDCP is funding it. The Thailand successful AD experience was undertaken under unusually good circumstances and it took thirty years to succeed (Renard, 2001). This clearly teaches that in places like Colombia the chances of success are minimal and most likely non-existent. Another AD issue has to do with the fact that AD projects in reality never end. AD projects are not development projects but counter-projects. Peasants already have profitable poppy and coca projects and even after AD is successful, peasants can always revert to illicit drug production when they have a bad crop or when prices of alternative crops fall. Therefore, AD requires continuous monitoring after the end of the normal projects and the government readiness to go back as soon as there is a possible return to illicit crops.

The knowledge about mind-altering drugs is, in several aspects, very limited. Fundamental questions such as why people try those drugs, why some people become addicts while most do not, how come most addicts stop consuming drugs on their own, why most countries that can produce illegal drugs do not despite the high economic return, how can the so called balloon effect be controlled, and many more, are the object of research and do not have definitive answers. In a field full of uncertain facts, current policies are promoted with the certainty provided by strong beliefs and convictions. These are so strong that policies cannot even be questioned or evaluated. Indeed, issues commonly debated with regard to most policies such as what are the costs and benefits with the policies and how are those costs and benefits distributed cannot even be raised in reference to mind altering illegal drugs.

Advocates of current policies act with moral and scientific certitude in a field in which both are highly uncertain. Despite the moral certitude expressed, moral conflicts also are frequent. For example when a parent asserts: "I support criminalization of all drug use because as a parent I must protect my child" and another claims: "I support decriminalization of the personal dose of marijuana because I must make sure that my

child does not be criminalized for life when he or she commits a youthful mistake”, which of the two has the moral high ground? We frankly do not know how to evaluate those two contradictory moral based positions.

The few cases discussed above point to many important lessons that must be debated and that have consequences for anti-drug policies. UNODC has not taken advantage of its own knowledge in the past and the cases mentioned illustrate a need for a deeper transparency and good governance that would allow improved policy evaluation, formulation and implementation. One important role of the United Nations as a diverse multicultural organization is precisely to prevent the manipulation of facts to validate particular cultural or belief based opinions. Otherwise we will simply see the same wine in new cleaner bottles.

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