

Inter-American Observatory on Drugs

The Human, Social and Economic Cost of Drugs in the Americas Plan of Operations for January – December 2004

Updated: April 14, 2004

1. Background

In 1999 CICAD implemented the first round of the Multilateral Evaluation Mechanism (MEM) which created a forum for the Inter-American community to evaluate each others progress in the drug war. OAS Member states began expressing increased interest in the creation of a methodology that would assist them in calculating the economic impact that the drug war has on their society. The MEM Hemispheric Report 1999-2000 included a recommendation for CICAD to develop such a mechanism. Later, at the Summit of the Americas in Quebec City in May of 2001, CICAD received the following mandate:

Combating the Drug Problem

Recognizing the extreme nature of the drug problem in the region, renewing their unwavering commitment to fight it in all its manifestations from an integral perspective, in accordance with the principle of shared responsibility, through the coordination of national efforts and in a spirit of cooperation and mutual respect as established in the Hemispheric Anti-Drug Strategy, and also recognizing the work accomplished by the Inter-American Drug Abuse Control Commission (CICAD) and the Governmental Experts Group appointed to undertake the first round of the Multilateral Evaluation Mechanism (MEM):

... Recommend:

...Developing, within the framework of CICAD, a long-term strategy that includes a three-year program to establish a basic and homogeneous mechanism to estimate the social, human and economic costs of the drug problem in the Americas, and to support countries through the necessary technical assistance;”

In response to this mandate, CICAD created a strategy to begin developing a standardized methodology to measure the human, social and economic costs of drug abuse across member states. This strategy involves three phases. The first phase was executed and completed between June and December 2002. Details on activities carried out in phase I can be found in Appendix I Report On Activities Carried Out During Phase I Of The Cost Study CICAD.

The following operations plan represents activities for Phase II, which will be carried out from January - December 2003, and involves the implementation of pilot studies in four countries, and the development of a preliminary methodology. Phase III, most complex phase, will involve fine-tuning the methodology developed and making it available to all the countries in the hemisphere, and will be carried out in 2004..

Program Summary

The purpose of the Cost Program is to develop a methodology that will provide a framework through which OAS member states can measure the economic impact that drug use has on their societies. Its primary goal is to do this in a way that is both simple and economically feasible for developing countries. The strategy is to develop a series of inter-related projects that will allow the countries to produce estimates on cost impact in a variety of social sectors such as health, criminal justice, welfare, industry, and labor enabling them to examine the impact of drugs in scientifically valid terms and use that knowledge to formulate sound, research-based policy. Armed with specific cost data countries can then make rational decisions about where to target scarce government resources. More importantly, by understanding where money is being invested and the costs related to those investments, decision makers can then devise strategies to reduce those costs.

Program Goals

By Spring 2004

1. Updated Manual.
2. Additional completed indicators.
3. Results of projects in process (BB, CR, UY).
4. Data from other member states using CICAD cost methodology.
5. Web site up and running.

By Fall 2004

1. Pilot countries complete all level 1 indicators; some of level 2.
2. Other member states report on their experience with cost methodology.
3. New studies undertaken both in pilot countries and in other member states.

By Spring 2005, Summit of the Americas:

1. Manual documenting final methodology;
2. Complete costs studies in four pilot countries, partial cost studies in at least three additional countries in the Hemisphere;
3. Comparative analysis, analysis of lessons learned and policy implications of final results;

4. Plan to continue expanding the Cost Program to the rest of the countries in the Hemisphere, with recommendations on additional areas of costing research to be undertaken by CICAD.

Present Status and Accomplishments to date

The Cost Program is growing quickly, and perhaps the most interesting result is that the countries involved are becoming increasingly interested in using the program to strengthen a variety of areas within and beyond their drug strategies. One of the most valuable aspects to the Cost Program is that it does not merely provide information to guide policy, but it forces the governments to directly address the weaknesses in their systems. Without doing so, the cost estimates they produce will always be questionable. Because they want to show solid, valid results, they are willing to begin investing in other parts of their social systems that they previously considered to be disconnected to the drug problem. We need to think about how to express this to the heads of state at the Summit of the Americas in a way that really grabs their attention.

The cost program working group and lead research team fully expect to be able to complete the methodology for the Cost Program and have it ready for delivery at the 2005 Summit. The methodology will incorporate the major areas, common to countries in the Hemisphere, that can be reasonably measured across the board to provide solid estimates on the economic and social costs of the drug problem. However, there is no perfect methodology, and the working group is already looking toward additional areas of research to expand upon their programs. The presentation to the Summit should include a plan of action to continue the Cost Program a) by expanding it to all the countries in the Hemisphere, and b) by increasing the scope of research into more complex research areas, and more in-depth studies.

Accomplishments 2003

1. Research Manual for the Cost Program – direct cost methodology completed, published and made available to all Member States.
2. The Merrill Template (direct costs) has been completed by all four pilot countries
3. Seventeen indicators comprising the basic cost methodology have been defined.
4. Web site for calculating costs has been designed and should be finalized in early 2004.
5. Formulae to calculate direct costs have been defined and will be published on the website.
6. Four projects on direct costs were successfully carried out in the pilot countries (Barbados – study on direct costs to the government; Costa Rica – arrestee/prisoner study, .Mexico – study on direct costs to the government; Uruguay – case control study in health sector * in progress)

Expected Results to Deliver to the CICAD Commission in November 2004

1. **Complete cost analysis of the level 1 indicators** from each of the four pilot countries (Barbados, Uruguay, Costa Rica and Mexico) and Chile.
2. **Partial cost analysis of the level 1 indicators** from **El Salvador and Colombia**.
3. **Partial cost analysis of the level 2 indicators** from the pilot countries.
4. **Preliminary Reports with cost analysis on indicators level 1 and 2 from each country** (Barbados, Colombia Costa Rica, Chile, El Salvador, Mexico, y Uruguay)
5. **Partial results** (in some cases complete) **for the individual country projects** financed and provided technical support by CICAD.
6. **Cost Program Website for calculating costs:** fully operational, with cost data from 2002 or earlier for each participating country.
7. **Publications and articles** produced by the technical team, and participating countries, through a variety of electronic venues (CICAD web page, participant country web pages, websites of other organizations)
8. **Report on results and advances on the highest complexity indicators** (indicators 15, 16 and 17).
9. **Latest advances and results from the countries which have joined the working group** (Chile, Colombia, El Salvador)
10. **Complete, finalized research protocol for four types of studies** (emergency rooms, prisons, absenteeism and accidents in the workplace, and treatment centers) to gather data corresponding to the Cost Program indicators which might not be readily available in the countries.

Expected Results to Deliver to the Summit of the Americas in May 2005

1. **Complete cost analysis of the 14 primary indicators** (levels 1 and 2) from all **four pilot countries**, and possibly **Chile**.
2. **Complete Analysis of the level 1 indicators** in **El Salvador and Colombia**.

3. **Individual research reports** on results and cost analysis from each participating country.
4. **Comparative cost analysis** of results the participating countries (for example comparative analysis of the economic costs in the hospital systems of Colombia and Costa Rica).
5. Analysis of “**lessons learned**”, **obstacles, and solutions encountered** during the development of the studies.
6. Analysis on the **implications for antidrug policy**.
7. A **practical plan to continue expanding the cost program** to other countries in the Hemisphere.
8. **Recommendations on additional studies** that could be carried out through the CICAD Cost Program.
9. **Concrete advances** from the pilot countries, and other countries that join the working group(Chile), **on the most complex indicators**, including cost analysis and a description of methods used.
10. **Final Manual with final methodology documented.**

Conclusion

The Cost Program is growing quickly, and perhaps the most interesting result is that the countries involved are becoming increasingly interested in using the program to strengthen a variety of areas within and beyond their drug strategies. In my view this is one of the most valuable aspects to the Cost Program – not only does it provide information to guide policy, but it forces the governments to directly address the weaknesses in their systems. Without doing so, the cost estimates they produce will always be questionable. Because they want to show solid, valid results, they are willing to begin investing in other parts of their social systems that they previously considered to be disconnected to the drug problem. During the next Summit of the Americas, this should be articulated to the heads of states in such a way to show its' importance as well as grab their attention.

The working group and lead research team fully expect to be able to complete the methodology for the Cost Program and have it ready for delivery at the 2005 Summit. The methodology, as we foresee it will incorporate the major areas, common to countries in the Hemisphere, that can be reasonably measured across the board to provide solid estimates on the economic and social costs of the drug problem. However, there is no perfect methodology, and the working group is already looking toward additional areas of research to

expand upon their programs. The presentation to the Summit should include a plan of action to continue the Cost Program a) by expanding it to all the countries in the Hemisphere, and b) by increasing the scope of research into more complex research areas, and more in-depth studies.

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