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# The champion's orphans: Honduras says goodbye to Sweden

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*"Ten years after launching the national transformation process endorsed by the Stockholm Declaration, Sweden's exit is a premature decision which endangers the consolidation of the progress achieved, especially regarding state reform, human rights and democratic governance"*

(Workshop Swedish exit from Honduras: Devising good practices. Tegucigalpa, 27 February 2009)

## Introduction

Promoted by the Paris Declaration (March 2005) with the aim of improving donor complementarity, the division of labour among donors has come to the fore with the adoption of the European Union (EU) Code of Conduct (May 2007) and the Accra Agenda for Action (AAA, September 2008). International division of labour is especially relevant, and seeks to review the geographical allocation of resources. The aim is twofold: first, to prevent the existence of 'donor darlings' and thus better address 'aid orphans'. Second, to rationalise the scattered presence of donors which are often active in several dozens of recipient countries.

Some donors have already initiated a geographical concentration process based on a redefinition of their priority countries. While this necessarily implies exiting from previous partners, international division of labour has not yet been supported by good practices or deeper dialogue. The role and perspectives of partner countries affected by donor phase-out have yet to be adequately explored. In particular, the interaction between a donor's exit and the principles of the AAA and the

Paris Declaration is still unknown. From a politically sensitive perspective, the type of phase-out is particularly important: it can reinforce or undermine national leadership and ownership capacities, and favour, to a greater or lesser degree, compliance with mutual accountability and maintaining bilateral relations beyond aid, such as in commercial and cultural areas.

As an aid effectiveness pioneer, Sweden decided in 2007 to reduce drastically its number of partner countries. By the end of 2010, over 30 of its previously priority countries – among them Honduras – will be affected by Sweden's exit. Experiences at the country level vary significantly. They seem to indicate that the impact of geographical concentration depends fundamentally on exit practices in each country, and the role assumed by different actors including the national government, civil society organizations and other donors.

Against this background, FRIDE conducts a research project on good exit practices and their coherence with the principles of the North-South partnership. Through the systematisation of Swedish experiences in terms of geographical concentration, this study aims to guide donors and partner countries to implement international division of labour according to the premises of national ownership and mutual accountability. This will help to prevent potential contradictions between geographical concentration and the North-South partnership paradigm. This study on Sweden's exit from Honduras, carried out in February 2009, is the first in a series of five case studies that will contribute to a final document with global recommendations.

## 1. A steep path: Challenges to Honduras' development

Honduras is a medium-low income country, with a population of 7.5 million and a per capita income of US\$1,700 (Honduras Central Bank 2008). Between 2004 and 2007, GDP inter-annual growth reached 4.1 per cent and 6.1 per cent respectively. World Bank studies indicate that the US economic recession is having a negative impact on the Honduran economy, especially in key sectors between both economies such as maquilas' exports, remits and foreign direct investments, which are experiencing significant contraction. In addition, estimates indicate that GDP growth will decrease by 2 per cent in 2009.

Around 59 per cent of the Honduran population lives below the poverty line and 36.2 per cent in extreme poverty (World Bank, 2009). Honduras is one of the region's most disadvantaged countries and poverty affects mainly rural areas and historically excluded peoples such as the indigenous population. According to some analysts, the effects of the international economic recession could increase extreme poverty rates in the short and medium terms.

According to the 2006 National Human Development Report (UNDP 2006), Honduras' human development has stalled at medium level. The index component that most falls behind is still per capita income, although in 2004 it experienced a slight increase. The reasons for this phenomenon relate to slow economic growth rates and high levels of inequality in per capita income distribution.<sup>1</sup> The changes in education are almost imperceptible; educational inequalities help to perpetuate income inequalities. Life expectancy levels have actually declined, going from 68.8 years in 2001 to 68.6 in 2004. Honduras is also one of the countries most affected by the HIV/AIDS epidemic in Central America, accounting for 60 per cent of cases in the region. Finally, the Gender-related Development Index shows that women still experience great disadvantages in terms of participation and labour income distribution.

The Human Development Report shows that social violence and human insecurity have risen rapidly during the past decade. The main urban areas of the Central District and San Pedro Sula have the highest crime rates, with 45 and 41 per cent of their inhabitants respectively becoming victims of theft in 2005. Gender-based violence has a significant impact on social development: according to the Women's Rights Centre (CDM-H), between January 2003 and September 2008 there were 83,969 reports of domestic violence, an

<sup>1</sup>The average income of the richest 10 per cent of the population is 50 times higher than the average income of the poorest 10 per cent.

average of 14,000 reports per year. In addition, between 2002 and 2008, 1114 femicides took place, a large number of which were committed by partners or ex-partners.<sup>2</sup> Due to the weak institutionalised response to this problem, there is a risk that violence will become an everyday phenomenon, where respect for norms and laws is discretionary and the people take justice into their own hands. Growing crime rates – increasingly related to ‘displaced’ drug-trafficking from Colombia and Mexico – not only affect the quality of life of Honduran citizens but also the credibility and legitimacy of state institutions to attend to the population’s basic needs.

Several international development organisations agree that in order to move towards the Millennium Development Goals (MDGs), Honduras must improve the quality of expenditure within the poverty reduction policy framework (World Bank 2007). Even though public expenditure on education and health has increased continuously since 1998, it is largely spent on wage payments, with only a small proportion allocated to improving the delivery of public services.

Among Latin American countries, Honduras ranks at the lower end of the scale in terms of expenditure efficiency in education, and close to the one related to health (World Bank 2007). It is necessary to accelerate economic growth by between 5 and 6 per cent, which requires a stable macroeconomic environment and improvements in governance and the quality of and access to economic and social services. This is particularly sensitive in rural areas, which are suffering the highest poverty levels. Finally, one of the main problems of the Honduran institutions is the high level of corruption. In 2008, Honduras ranked 126 out of 180 countries in Transparency International’s Corruption Perceptions Index.

In sum, the principal development challenges in Honduras in the mid and long terms are strengthening the state’s institutions and its development policies in order to achieve sustainable economic growth; the establishment of an inclusive development model, focused on poverty reduction; improving public expenditure efficiency in human development; and employment generation, especially in rural areas.

### Sweden’s exit and the coup d’état

On 28 June 2009, Honduras suffered a military coup d’état, which overthrew President Manuel Zelaya and put a de facto government in power. The main motive seems to have been President Zelaya’s intention – which lacked legal backing – to carry out a popular consultation on constitutional reform so as to allow for re-election. The president’s former political partners had also refused to accept Honduras’ membership to the Bolivarian Alliance for the Peoples of Our America (ALBA), promoted by Venezuelan President Hugo Chávez.

This implosion of the institutional-democratic system took place four months after the fieldwork for this case study was carried out. Although a coup was unforeseeable, the instability of the political system was a recurrent theme during the interviews and the workshop held in February 2009 in Tegucigalpa. The most progressive national actors expressed great fears concerning SIDA’s exit amidst such a fragile context.

SIDA has been a widely respected donor committed to political dialogue even in the most complex situations. It was in this manner that SIDA’s team responded to the mandates of the Stockholm Declaration, which had been guiding Honduran democratic transformation since 1999. The fact that the coup happened halfway through Sweden’s exit might require an in-depth analysis of the impact of Swedish phase-out on Honduran political development in the mid term.

Within the inherent methodological limitations and in view of the awaited results of the negotiations, this case study occasionally refers to the current complex scenario in order to compare it to the results obtained in February 2009.

<sup>2</sup> Data on gender-based violence from the Women’s Rights Centre, available at [www.derechosdelamujer.org](http://www.derechosdelamujer.org)

## 2. From Stockholm to Accra: Commitment and international aid effectiveness

In 2001, the Honduran government approved the Poverty Reduction Strategy (PRS) following a participative process and dialogue between itself, civil society and the donor community, with whom it agreed on measures aimed at reducing by 50 per cent the incidence of extreme poverty by 2011. The 2004 PRS review, carried out during the Zelaya administration, implied a readjustment of goals and priorities in order to achieve increased coherence with the country's commitments to fulfilling the MDGs. The PRS was the main point of reference for national development policy during the past six years. However, the strategy has recently lost protagonism due to the emergence of new proposals for development plans, the lack of a coherent framework and of political will to implement it effectively (De Jont et al 2008, ACAN-EFE agency 2007). Studies on PRS in Honduras developed by the Institute for Social Studies and the Swedish International Development Cooperation Agency (SIDA) pointed out the political and institutional weaknesses that have limited the strategy's execution and have constrained its potential as an instrument to align international aid to the country's priorities. The conclusions and recommendations of this series of case studies emphasise that institutional fragility and the lack of political will are constant threats to the continuity of the PRS as a development policy (El Heraldito 2009). In fact, SIDA officers described the analytical process of PRS implementation follow-up as 'the chronicle of a death foretold' (Stodberg 2009).

In April 2005, Honduras reached the culmination point within the framework of the Heavily Indebted Poor Countries (HIPC) initiative and, in July 2006, the country met the requirements to access Multilateral Debt Relief Initiative (MDRI) benefits. In April 2008, the International Monetary Fund's (IMF) Executive Board approved a 12-month standby agreement of US\$63.5 million for Honduras as a precautionary support to strengthen the country's economic programme for 2008<sup>3</sup>. Recommendations of the economic plan include, inter alia, the needs to stabilise the public wage bill as a percentage of GDP, improve tax administration and reorient public spending toward priority investment. Recently, the Honduran government expressed its intention to request an extension of the agreement in order to facilitate negotiations over the economic plan with the new administration, due to assume office in January 2010. However, the current administration faces serious challenges to ensure optimal management of the fiscal deficit. Of particular concern is the public administration wage bill: in 2007, this represented 10 per cent of the GDP, after difficult negotiations with the teachers' union.

According to data from the Organisation for Economic Cooperation and Development (OECD), Honduras received US\$578 million in Official Development Assistance (ODA) in 2006, 10 per cent less than in 2004 (OECD/DAC 2008). Honduras is not an international aid-dependent country, given that ODA represents only 6.6 per cent of the Gross National Income (GNI). However, the increase in development aid received in response to the hurricane Mitch in 1998 and the funds released from foreign debt payments have had a significant impact, especially in augmenting public spending in social sectors, particularly education and health. Coverage in some sub-sectors, such as primary education, has also improved through external funds such as the Education for All initiative. In this sense, ODA has a determining role at the sectoral level, where public investment is mostly financed through external resources.

The donor community's humanitarian aid to Honduras after hurricane Mitch represented a milestone in terms of international development cooperation, as the country has historically received less ODA than other countries in the region, such as Nicaragua. According to studies carried out by the Economic Commission for Latin America and the Caribbean (ECLAC), damages totalled US\$3,794 million, equivalent to approximately 70 per cent of the GDP (SETCO 2008). The magnitude of the damage to the country's economic infrastructure and structural weaknesses contributed to Honduras being included in the group of countries suitable to receive larger international development assistance in the last decade (Ibid.).<sup>4</sup>

<sup>3</sup> International Monetary Fund, Press release No. 08/76 (s), 8 April 2008

<sup>4</sup> In December 1998, the IADB Consultative Group for the Reconstruction and Transformation of Central America was established. The Group met in Sweden in May 1999 and approved the Stockholm Declaration, which set the basis for dialogue on national transformation amongst the Government of Honduras, civil society and the donor community.

The donor group was initially composed of five countries: Canada, Germany, Spain, Sweden and the United States. Others who joined later included France, Italy, Japan, the Netherlands, Switzerland and the United Kingdom, as well as multilateral organisations such as the World Bank, the Central American Bank for Economic Integration (CABEI), the Inter-American Development Bank (IADB), the IMF and the European Union (EU). Together these countries created the Group of 16 (G-16), the main donor coordination mechanism. Since 2006, the Netherlands and the United Kingdom have left the country. However, the Netherlands continues to support some specific projects in Honduras through its regional offices.

The G-16 initial mandate focused on supporting the Honduran government in the implementation of the Master Plan for National Reconstruction and Transformation (PMRTN) through the endorsement of the Stockholm Declaration in 1999. The Declaration constitutes an international agreement to contribute in a coordinated manner to the Central American region's reconstruction, with special emphasis on the democratic bases of development (see box below), which was of particular relevance in the Honduran context for guiding the G-16 efforts.

#### Principles of the Stockholm Declaration

- Reduce the social and ecological vulnerability of the region (the overriding goal).
- Reconstruct and transform Central America on the basis of an integrated approach of transparency and good governance.
- Consolidate democracy and good governance, reinforcing the process of decentralisation of governmental functions and powers, with the active participation of civil society.
- Promote respect for human rights as a permanent objective. The promotion of equality between women and men, the rights of children, of ethnic groups and other minorities should be given special attention.
- Coordinate donor efforts, guided by priorities set by the recipient countries.
- Intensify efforts to reduce the external debt burden of the countries of the region.

The G-16 mandate evolved from emergency relief to supporting the PRS as an instrument of the country's development policy. It has also helped to consolidate systematic dialogue with civil society, the National Congress, the Judicial Power and local governments supporting key institutional reforms of the national agenda. The G-16 different thematic and sectoral groups have acted as drivers of policy and sectoral programmes and have brought the technical and political levels of development cooperation agencies closer.

The G-16 dialogue structure has facilitated debate on the implementation of the aid effectiveness agenda with the different government departments linked to international development cooperation policies. This has allowed for the coordination of activities to carry out the 2005 and 2007 Surveys on Monitoring the Paris Declaration; to exchange information on the implementation of innovative instruments such as budget support (general and sectoral); and to jointly support the inclusion of external resources in the national budget. Honduras has played an active role in the different High-Level Fora (HLF) on Aid Effectiveness. During the HLF-3 in Ghana, Honduras co-chaired with Sweden the roundtable 8 on sectoral implementation of the Paris Declaration<sup>5</sup>, Honduras, Brazil and Colombia were the only Latin American members of the partner countries' negotiating group, which included some Southern priorities in the AAA. Furthermore, Honduras continues to be one of the most active advocates on platforms such as the OECD-DAC Working Party on Aid Effectiveness and Donor Practices (WP-EFF).

<sup>5</sup> The results of this thematic work are available at [accrahlh.net](http://accrahlh.net)

However, some G-16 members claim that Honduras' international leadership does not translate into concrete measures and actions at the national level. The absence of a coherent national aid policy with aid effectiveness can be explained by the lack of an institutional framework that clearly defines the roles and responsibilities of the different ministries linked to non-refundable external development assistance. The relationship between the Ministries for Technical and International Cooperation, Finance and Presidency regarding the management of externally-funded projects and programmes is blurred. It does not permit systematic dialogue between the government and donors regarding the planning, monitoring and evaluation of aid programmes. In addition, the scant institutional framework for aid policies has prevented the approval of some key initiatives to improve aid effectiveness such as the Donor Code of Conduct. This was being negotiated between the government and the donor community in 2008, that is, before the Accra HLF. The process never came to agreements, partly due to the government's weak capacity to negotiate with the different members of the donor group, and the lack of clarity regarding the binding character of the document and its relation to the bilateral agreements previously signed between the Honduran government and development cooperation agencies.

Donors in Honduras	ODA in 2006 (US\$ millions)
IADB	93,87
United States	83,31
World Bank	57,56
Spain	45,17
Japan	27,91
European Commission	27,25
Sweden	18,71
Canada	15,08
IMFI	14,96
Arab donors	13,71
Germany	12,94
United Nations	8,60
Fondo Global	7,10
Italy	5,69
Nordic Development Fund	5,66
Other donors	19,88
<b>Total ODA in 2006</b>	<b>457,40</b>

The G-16 is currently facing challenges to maintain its protagonist role in the national development agenda. Until now, it has been exclusive to those who have supported the implementation of the national transformation plan and the PRS. Three of the original countries have left Honduras. Meanwhile, other donors such as Italy, France and Switzerland operate modest and support specific development projects, with a limited number of personnel and resources to support the G-16 coordination tasks. This favours the option of allowing 'new' donors to participate in the G-16, a decision that could bring important resources and technical assistance to the country. Potential candidates include Chile, Mexico and Taiwan. During the Swedish-led pro-tempore presidency of the G-16 in 2008, the possibility of enlarging membership was discussed, but some donors – including the United States and Japan – disagreed with the inclusion of emerging donors. While the expansion of the G/16 should be understood in the context of the political challenges in Honduras, it is also necessary to respond to the 'inclusive partnership' mandates established in the AAA. The inclusion of emerging donors would also have a positive effect on Honduras' initiatives in South–South and triangular cooperation. Here, some middle-income donors such as Chile, Colombia and Mexico have set interesting experiences in some sectors, including education, capacity building in technology and agriculture and fishing (SEGIB 2007).

One of the G-16's challenges is the lack of innovative donors willing to take certain risks and support greater ownership of the national government. In fact, only Sweden adopted a pioneering role in the implementation of the aid effectiveness agenda, through new instruments such as budget support, sectoral programmatic support and, more recently, direct financial support to municipalities. The absence of other Nordic+<sup>6</sup> donors has limited advances in the implementation of the Paris commitments. The donor community in Honduras is often cautious in adopting new aid modalities, which are considered risky or, in the words of a representative,

<sup>6</sup> The Nordic+ group includes the donor countries that are most progressive in the implementation of the aid effectiveness principles, including new modalities such as delegated development cooperation, and tends to represent the Northern platform that is most active in the promotion of a horizontal partnership with the South. The Nordic+ group is made up by the Scandinavian countries (Denmark, Finland, Norway and Sweden), as well as the United Kingdom, Ireland and the Netherlands. This group of donors meets twice a year at directors level and has a Joint Action Plan on Harmonisation and Alignment.

a 'fiction created by the headquarters'. In 2005, Sweden created a budget support group, composed by the World Bank, the IADB, the European Commission, Germany and Sweden. At the same time, Germany (through the KfW) and Sweden supported the co-funding of the World Bank's Poverty Reduction Support Credit (PRSC) prepared in 2006. The PRSC is executed under the condition that the country must be on-track with the IMF-agreed economic programme; hence, when in June 2006 the IMF did not approve the fourth track of the programme, Germany's and Sweden's aid to the PRSC were cancelled as well (SIDA 2006).

In general terms, progress in the use of programmatic approaches is mixed and has suffered some significant setbacks. According to data from the 2008 Survey on Monitoring the Paris Declaration, the base line used in 2005 indicated that 43 per cent of the total ODA used programme-based approaches. However, in 2007 it was 17 per cent, which can partly be explained by the substantial reduction in budget support operations during the past two years. According to the survey, the main contributors of programmatic support are Germany (US\$ 15 million), Spain (US\$ 7 million) and Japan (US\$ 14 million). Still, some of Honduras' most important donors – the United States and Japan – manage most of their assistance through projects. Thus, the possibilities for innovation and risk-sharing in the implementation of new aid modalities depend fundamentally on Germany, Spain and the European Commission. In addition, Honduras is a priority country for their increasingly concentrated development cooperation policy. Consequently, the need to scale up resources will rise considerably in the short and medium terms. As demonstrated by the results of the aforementioned Paris Declaration survey, within a 'fragmented alignment', 'the use of programmatic aid has suffered a severe setback' during the past years.

The reduced presence of European donors in Honduras and the exit of like-minded donors, such as the United Kingdom and the Netherlands, make it difficult to implement effective mechanisms and policies promoted by Brussels and the European Council. This particularly affects the EU Code of Conduct on Complementarity and Division of Labour approved in May 2007, about which actors only have very basic information. The group of European donors is reduced. Only Germany, Spain, France and Sweden maintain a stable presence and a visible aid volume. In addition, given the highly diffuse and barely-aligned procedures and requirements, the conditions do not exist to implement instruments such as delegated cooperation and lead donor arrangements.

The results of the Survey on Monitoring the Paris Declaration in Honduras in 2007 (OECD/DAC 2008) show a fragmented development of the indicators that measure aid effectiveness. Like the governments of other countries in the region, the Honduran government has claimed that some of the problems in the definition and interpretation of the survey's criteria could have caused an overly optimistic assessment of the progress achieved. Since 2005, some improvements have been observed in aspects such as mission coordination and joint analytical work, but there have also been some setbacks such as the aforementioned reduction of the use of programmatic aid. Given the lack of concrete country leadership and a certain degree of donor autism, the latter face serious problems to ensure the fulfilment of their commitments, for example in terms of predictability, which is worsening, and alignment of aid flows, where the high percentage achieved 'in reality represents the sum of individual results which can be clearly improved' (Ibid.).

Honduras thus offers a complex scenario in which to advance with the implementation of the aid effectiveness principles. The fragmented country leadership and changing donor quality limit the prospects of implementing aid effectiveness. The Accra agenda highlights a more inclusive partnership on the basis of more reliable commitments between donors and the national government. In the near future, the government needs to resume democratic institutional building after the coup, and exercise greater leadership in terms of strategic and technical capacities. This will help to orient a conservative international cooperation in terms of the aid effectiveness agenda, to which there is a fluctuating and unpredictable commitment.

### 3. At the vanguard, increasingly alone: Sweden's role in Honduras

With an annual average volume of US\$30 million and a relative weight of around 5–7 per cent of the total amount of aid in Honduras, Swedish cooperation has followed a path consistent with the principles agreed in the Stockholm Declaration for national reconstruction and transformation. In 1999, SIDA established in Honduras a cooperation office under the auspices of the Swedish Embassy in Guatemala City, to maintain a long-term aid relationship with the country (Ramos et al 2006). In addition, Swedish aid has strengthened and used national development policies such as the PRS and related sectoral policies, and has promoted international agreements such as the Paris Declaration and the AAA.

With a regional strategic approach, SIDA's strategy in Honduras from 2001–2006 focused on poverty reduction, the search for greater economic and social equality and democratic development under a rights perspective.

Key themes such as health, education, housing and water and sanitation were included within the framework of economic and social inequality reduction. Approximately 30 per cent of resources in the social sector were allocated to education and health through the Education for All initiative, the programme for the access to health services (ACCESO) and the strengthening of the HIV-AIDS National Forum. Water and sanitation projects were carried out through strategic alliances with UNICEF.

SIDA has also been a key actor in the creation and consolidation of the National Housing Foundation (FUNDEVI), which has increased low-income families' access to housing. SIDA also helped to rebuild 11 bridges that were destroyed by the hurricane Mitch.

Regarding economic reform, Sweden supported PRS implementation by providing general budget support. However, this type of aid has been limited due to the failure to fulfil the economic measures agreed between the national government and international financial institutions, and the weak commitment to institutionalise the PRS as a state policy (de Jong 2008).

One of the sectors where Sweden has gained comparative advantages in governance and human rights. The strength of SIDA support lies in its systematic promotion of democratic institutions and support to state actors and reform agendas. Emblematic examples of Sweden's strategy in the country are the creation and strengthening of the National Women's Institute (INAM) and the National Statistics Institute (NSI), the support provided to the Supreme Electoral Court, and strategic cooperation with civil society, including the Honduras' Documentation Centre and the National Anti-Corruption Council (NAC).

SIDA has maintained a diverse project portfolio, spanning a number of sectors and aid modalities, including both budget support and specific projects. The diversity of actors and mechanisms has allowed SIDA to alternate between different sectors, depending on the country's political and economic situation. Sweden has consolidated strategic alliances with multilateral agencies such as the United Nations System, the IADB and the World Bank. For example, the UN System is one of the channels Sweden used before entering Honduras and through which it received US\$4.43 million in funding between 2004 and 2007. This was allocated to sensitive sectors such as the strengthening of political institutions, support to the Defence Secretariat, the modernisation of the armed forces and the legalisation and entitlement of land (Castaldi et al 2007). Swedish and Honduran non-governmental organisations for development (NGOD) have received around 7 per cent of the aid portfolio.

Sweden has been at the forefront of the implementation of the AAA and the Paris Declaration, highlighting the importance of using and strengthening country systems in its cooperation programmes. Sweden has also taken the lead in coordination and dialogue, and in the attempt to align external aid with the country's development objectives both at the sectoral and national level. SIDA is considered a strategic, transparent and innovative ally that has facilitated collaboration and dialogue among the government, donors and civil society.



For several years Swedish cooperation focused on seven sectors in Honduras, but its 2008 Annual Plan reduced this to only three sectors – water and sanitation, democratic governance and higher education. As this study explains in the next sections, this sectoral concentration favoured a more gradual phase-out process, although it also caused some confusion between the two concentration processes – sectoral and geographical.

In 2008 SIDA's portfolio still included projects similar to those undertaken in 2001–2006, indicating a systematic and coherent policy of providing support to the strengthening of institutional capacities in the public sector, particularly in the area of democratic governance. Sweden supported institutional reform of the electoral system and of the National Autonomous University of Honduras; this support has had a significant impact on the country's development agenda (Ramos et al 2006). Within the governance programme, support was provided for the implementation of the 2005 electoral processes, through the institutional consolidation of the Supreme Electoral Court and the National People's Registry. This institutional support fostered the implementation of the electoral reforms approved in 2004. SIDA has also been involved in the reform and institutional strengthening of Honduras' National Autonomous University, providing strength and credibility to the complex process of university reform.

As shown in the table below, assistance in 2008 amounted to 116.7 million Swedish kronor (US\$ 18 million).

**SIDA areas of cooperation in Honduras, 2008**

Sectors	US\$ <sup>7</sup>
Human rights and democratic governance	9.743.021,10
Natural disasters and environment	3.009.621,50
Research (higher education)	2.369.273,34
Humanitarian assistance	1.849.902,70
Others	856.519,30
Infrastructure	131.617,90
Education	92.912,68
Health	79.022,08
Trade, business and financial systems	59.405,50
Conflict, peace and security	10.801,00
Budget support for poverty reduction	0
<b>Total</b>	<b>18.018.407,16</b>

Source: SIDA Annual Report, 2008 <sup>8</sup>.

## 4. Packing: The formal phase-out process

Following the Global Development Policy approved by the Swedish parliament in 2003 and the recommendation of the 2005 Development Assistance Committee (DAC) peer review, the Swedish government decided in August 2007 to concentrate its aid on a drastically reduced number of partner countries: approximately 33, reduced from 70. The selection criteria were based on four pillars: poverty level; aid effectiveness-friendly environment; human rights and democratic governance; as well as Sweden's added value. For approximately 30 countries, this general reorientation is translated in an exit of Swedish cooperation (Schulz 2009).

<sup>7</sup> Based on an exchange rate between the Swedish krona and the US dollar of 0.15434515 (average for 2008).

<sup>8</sup> Available at [http://sida.se/sida/jsp/sida.jsp?d=493&a=1518&language=en\\_US](http://sida.se/sida/jsp/sida.jsp?d=493&a=1518&language=en_US)

As part of the formal process, in February 2007 the Swedish government sent a letter to the government in Tegucigalpa informing of Honduras' eligibility for phase-out. This step was simultaneously carried out in other countries of the region, including Guatemala and Nicaragua. According to information gathered during this research, the Honduran president Manuel Zelaya intended to travel to Stockholm in April 2007 to try to avoid Sweden's exit, but as happened with other countries, the Swedish Ministry for Foreign Affairs rejected his plan as it could distort the formal decision-making process. In August 2007, the Swedish government published the list of future priority countries, excluding Honduras as a bilateral aid recipient as of 2010.

The news had an immediate impact in an extremely complex political context, characterised by national controversy surrounding the government's rapprochement to the Bolivarian Alliance for the Peoples of Our America (ALBA) promoted by Venezuelan President Hugo Chávez, and increasingly sensitive public opinion regarding the structural governance gaps, especially corruption. Some media, several of them linked to the opposition, interpreted Sweden's phase-out as a direct response to the country's high corruption level.

The impact of Swedish phase-out on the mass media watered down the formal communication efforts of the Swedish Ambassador in Guatemala, Eva Werner Dahlin, and President Zelaya to explain the context of the new Swedish aid policy (La Tribuna 2007). However, they failed to clearly link this national decision to the international processes of the aid effectiveness agenda, in particular the mandates of the Paris Declaration and the EU Code of Conduct on Complementarity and Division of Labour, which encourage more donor concentration and specialisation.

In the national political context, the announcement was seized upon as another issue for debate and confrontation among the different power and interest groups. Although they did not reach the level of tension caused by Swedish phase-out in Nicaragua (Schulz 2007), these circumstances seem to have prevented a more fluid political dialogue following the announcement, since both the Swedish government and SIDA's office in Tegucigalpa were aware of the political sensitivity caused by the donor's exit.

Following the official communication, SIDA's office in Tegucigalpa proceeded to negotiate the exit plan with the government and initiated talks with the most relevant implementing bodies, including INAM and the Western Regional Platform of Honduras (EROC). The weight of dialogue essentially fell to the Technical and International Cooperation Secretariat and implementing departments. Communication was less intense with the Vice-Minister of the Presidency and the Vice-Minister for Finance. Interviews with those in charge revealed that they were aware of the quantitative dimensions of the phase-out, but they had not had access to the document and contents of the strategy drafted by SIDA's office in Honduras. The Swedish Ministry for Foreign Affairs (MAE 2007) had indicated four basic principles for phase-out: fulfilling contractual obligations, transfer to other donors, sustainability and clarity regarding the final phase-out date. These were integrated into the strategy without clear operational guidelines from Stockholm.

The exit strategy was then adapted as much as possible to the country's specific circumstances. However, this document has not been published and is only available in English, which seriously limits the possibilities of sharing the strategic approach with national actors, including the government, implementing bodies and the civil society.

The underlying approach largely focuses on the bases of Swedish cooperation in the country, and a basic forecast of the withdrawal process in the three priority sectors that emerged from the sectoral concentration reflected in the 2008 Annual Plan (water and sanitation, democratic governance and higher education). Key points include cooperation with other donors, risk management, human resources and follow-up of the exit process. SIDA intended to ensure the sustainability of the results achieved as well as of the institutions and organisations until then supported by Swedish cooperation. Other donors' continuation of Sweden's role in political dialogue with the government on sensitive issues such as human rights, corruption, reproductive health and gender equality was seen as important. Close communication with the government on the adequate capacities and financial and political commitments would ideally be maintained. On the other hand, within a broader approach of national capacity development, investments would be made in the financial

sustainability plans of local partners and implementing organisations of Swedish aid. It was also expected that, within the framework of the aid effectiveness agenda and the EU Code of Conduct, other donors would rapidly take up the initiatives promoted by Sweden in priority sectors.

However, as will be shown, the donor community was not entirely willing to fill the gaps left by Sweden. This demonstrates that the exit strategy was based on a limited approach, mainly restricted to the financial dimension, and a very optimistic vision of the donor community's shared responsibility concerning the implications of Sweden's exit for Honduras' development. Risk management mainly focused on corruption, and alternative hypotheses – for example regarding the behaviour of other donors – were not considered. SIDA thus failed to foresee an adverse scenario that demanded specific responses, such as at the level of the G-16 and/or within the political dialogue with the government.

Another serious limitation of the strategy is its management of the phase-out process and insufficient post-aid scenarios, which were only superficially explored. Possible strategic efforts through NGOD programmes or other types of cooperation, for example in the areas of culture and tourism, were not discussed beyond a reference to the need to promote trade with Honduras. The process of implementing the decision to withdraw lacked substantial bases to debate with other actors a perspective beyond aid.

During the implementation of the strategy, the aforementioned elements proved sufficient to guide a consistent performance of SIDA's office in terms of sustainability. In practice, some steps were taken outside the roadmap, for example with regard to the use of new instruments (such as municipal budget support) and there was some confusion concerning the continuity of the team and the office in Tegucigalpa. However, some areas were outside SIDA's control, particularly the degree of real commitment from other donors and the national government's capacity to assume possible lacunas as a result of Swedish phase-out. This highlights two underlying issues. First, the difficulties in inclusively sharing the risks and opportunities surrounding decisions taken in an autarchic, unilateral manner. Second, the impact of Sweden's exit in an environment lacking like-minded donors with the same cooperation culture and capacities, which risks turning sectors and programmes into orphans due to insufficient coordination within the donor community.

## 5. Sweden's exit: Practices and limitations

The following pages systematise the conclusions arising from interviews and workshop conducted in February 2009 (see also Puerto Gómez and Schulz 2009). The views of national actors were grouped according to the different exit phases (communication, management and post-exit) and their respective practices. The analytical approach, reflected in the methodology of this research project (Schulz 2009), pays special attention to the impact of exit practices on the premises of the partnership – the country's leadership capacities and mutual accountability – particularly from the point of view of the exiting donor. This case study focuses on a specific period of the implementation phase of Sweden's exit process (February 2009). After reviewing the perspectives of the national and international actors in Honduras, the following section will present a series of lessons learnt.

### 5.1 The general perception: What will be left of Sweden's footprint in Honduras?

Representatives of the government, civil society and international donors in Honduras believe that Sweden's exit is a premature decision taken only ten years after launching the national transformation process under the Stockholm Declaration. The phasing-out process seems to challenge the consolidation of the progress achieved, particularly in terms of state reform, human rights and democratic governance. Dynamism and a high aid quality are seen as vital to support politico-institutional development and the fight against poverty. Given the scarce European presence and the absence of other Nordic+ donors, there is a widely held fear that they will both now decline. In this sense, for some local actors, the Swedish government's decision to withdraw from Honduras in 2010 is inconsistent with the long-term vision that initially drove Sweden's development strategy in the country and the region.

Some experts and civil society organisations have emphasised that SIDA's exit may imply abandoning the Stockholm Declaration in a country at an extremely fragile political, social and economic juncture. The current situation is a result of the negative impact of the global financial crisis on the region's economic growth; the institutional weakness of national development policies, especially the PRS; and growing levels of social violence and human insecurity. To a certain extent, this opinion expressed in February 2009 became a reality with the coup d'état on 28 June 2009. Even though it is difficult to assess the direct impact of Sweden's exit given this dramatic turn of events, the withdrawal left the country without an important means of support very delicate element, crucial to promote the country's political and institutional development. Some observers feel that this situation of political, social and economic fragility required Sweden to consolidate the Stockholm Declaration's agenda by playing a larger role in the donor community, rather than devising its exit strategy (see also FOSDEH 2008b, La Prensa 2009).

Given the almost total absence of like-minded donors involved in similar strategies and modalities, Sweden's exit implies an irreplaceable loss of a donor respectful of national processes, and a strategic ally with regard to the state modernisation and reform agenda. For the donor community, Sweden has been the central axis of the mechanisms for dialogue with the country (G-16) and a leader in the implementation of the Paris Declaration principles. Due to more reserved approaches of other donors, the promotion of the aid effectiveness agenda has not yet achieved sustainable results, as shown by the great difficulties in implementing general budget support. With a donor community lacking deep commitment to delicate, strategic sectors of Honduras' development, it will be very difficult to find substitutes for Sweden, a donor which has also assumed leadership in political dialogue with the government and other national actors, including the National Congress and oversight bodies.

The Swedish process of geographical concentration did not undertake a prior consultation with partner countries. It was not possible to include an analysis of SIDA's comparative advantages in the different contexts and regions, even though the added value of Swedish cooperation in partner countries represents one of the four groups of indicators used by Sweden to define new geographical priorities (MAE 2007). Given the lack of a broader dialogue on division of labour (for example, within the framework of the Code of Conduct), the process was not coordinated other European donors. A joint response of the donor community to the possible negative effects of Sweden's exit therefore lacks a solid foundation. Instead of an agreement at the headquarters level, coordination depends fundamentally on the dialogue of SIDA's Tegucigalpa office with other donor community members in Honduras, which have shown no awareness of or interest in the process.

Even though the different national actors questioned the criteria used for Sweden's exit from Honduras, they also recognised the willingness and commitment of the national SIDA office to devise a responsible, participative exit focused on institutional strengthening. The authorities have positively assessed the Swedish exit strategy and indicated that national capacity building and the sustainability of development processes are not only due to the decision to exit, but also to planning and institutional management throughout the Swedish presence in the country.

## **5.2 Exit communication: Transparency vs. tension**

### **5.2.1 Transparency and information**

As a first step, communication is fundamental to allow the partner country and other donors to adopt measures to fill potential vacuums. This research document has focused on the level of transparency, i.e. on the way Sweden communicated and shared its decision to withdraw.

In the Honduran case, SIDA only shared limited information on its criteria for geographical concentration, creating confusion and controversy among the national actors. Taking into account the pressing political tension in Honduras, the announcement could have been made at a more appropriate moment. Without being able to adapt the different exit processes to the respective national contexts, the starting point in

Honduras was very unfortunate in political and strategic terms. The mass media manipulated the news by associating it with the country's political situation. Particular reference was made to Zelaya's new cooperation alliance with the Government of Venezuela within the ALBA framework, and to Honduras' high corruption level, exposed by NGOs such as the National Anti-Corruption Council (NAC).

This latter subject was strongly debated in some civil society sectors, generating a broader debate within public opinion since it encompassed corruption's impact on international aid (El Heraldo 2007, FOSDEH 2007a). The Swedish Ministry for Foreign Affairs did not provide SIDA with either a containment plan concerning potential risks following the announcement or a mandate to explain withdrawal. In the absence of a contingency plan (for example regarding the impact of mass media and the public opinion), SIDA was left in a fragile position during the most critical moments, the effects of which were reflected in an internal report aiming to highlight lessons learned for the future.

With regard to transparency, SIDA released official communiqués to clarify its exit process and elaborate on the issues pointed out by Ambassador Eva Werner Dahlin, based in Guatemala City, in an August 2007 press conference. The level of political representation was considered adequate, even though some national actors would have appreciated an explanation from the Minister for International Cooperation, Gunilla Carlsson.

The Ambassador linked Sweden's exit from Honduras to a process of revision of Swedish foreign and aid policies approved by parliament at the end of 2003 and implemented by the current administration. No further details were provided on the decision-making process, leading some actors to express doubts as to whether the consultation with SIDA offices in partner countries would be still be considered. Civil society, accustomed to a direct dialogue with the highly-decentralised SIDA office, thought there might still be opportunities to reverse the process. The decision to exit was not linked to the more global aid effectiveness agenda; agreements such as the Paris Declaration or the EU Code of Conduct call for an increased donor concentration and therefore provide the general framework for Sweden's decision, along with the 2005 DAC peer review on Swedish cooperation (OECD/DAC 2005). Consequently, contextualisation in terms of international dynamics was very limited, giving the impression that it was an isolated and purely political decision by Sweden.

## 5.2.2 Dialogue, negotiations and consultation

As the second aspect of the initial communication, dialogue and negotiation among actors represent an opportunity to guide all efforts – especially those of the national government, the donor community and civil society – towards the absorption of potential difficulties following donor withdrawal.

The national authorities have informed on the process from the beginning, and have acknowledged the honesty and transparency of SIDA. The announcement at the beginning of 2007 that Honduras was included in the list of countries eligible for Sweden's process of geographical concentration gave the government an early warning of the possible withdrawal of Swedish aid. However, government authorities expected that the final decision would not affect the country given its existing needs and the degree of Swedish involvement in strategic aspects of Honduran development. The government's optimism was also influenced by Sweden's trajectory in the country, including the expansion of its cooperation office a few years ago and its regional leadership embedded in the Stockholm Declaration. Despite the early warning, the final decision was received with a certain degree of surprise.

Once the decision was made, the highly politicised context limited the scope for more specific talks between SIDA and the national government. According to data gathered during this research, the SIDA office actively sought a dialogue with different national government bodies, but the subsequent agreements focused mainly on the financial dimensions, and were much less clear about the more strategic aspects, which were in turn debated more in-depth with implementing organisations. The somewhat convoluted management of the exit communication created a delicate environment for the relationship between the national government and the exiting donor. There was also significant confusion surrounding the validity of the PRS in Honduras as a strategic development framework, in which the impact of withdrawal must be embedded. These factors made it more difficult to clearly identify which sectors and programmes required reinforcement owing to Sweden's exit, for example through the use of national resources and available international funds.

SIDA informed the G-16 of its withdrawal from Honduras at the coordination meetings. The other members considered Sweden's exit as a unilateral, legitimate and sovereign decision by Stockholm on its foreign and aid policy relations. The discussion of Sweden's exit was not associated or consulted with other European donors within the framework of the principles of donor division of labour, and in particular the EU Code of Conduct. This is mainly due to the limited presence of European donors in the country, where even the rotation of European presidencies entails several operational problems. Another restriction is the minor role of the European Commission as a potential axis of dialogue on the division of labour in the country.

The donor community did not explore the necessary basis for dialogue on the sustainability of development results. In other words, the G-16 did not devote efforts to identifying the potential impact of Sweden's exit on the sectoral distribution of foreign assistance, and the financial resources required to continue with some vital processes, in particular social investments related to the MDGs and national development policies. A certain degree of indifference can be observed, based on the perception that Sweden had taken a unilateral and sovereign decision on its foreign policy that was not necessarily relevant to the other international agencies active in the country. This response to Sweden's consultations within the G-16 regarding its exit demonstrates the incipient and fragile nature of donor coordination in Honduras, which could have been addressed later.

Honduran civil society actors have made their own critical assessments of Sweden's exit, on occasions highly influenced by the fragmented and biased information disseminated by mass media. The lack of space for dialogue with civil society and the limited information on bilateral agreements have prevented a broader, more fluid debate with civil society on the content and orientation of the exit strategy. The civil society organisations that had been SIDA's direct partners interpreted this withdrawal as a direct threat to the sustainability of their work in delicate sectors such as human rights (especially women's rights), transparency and access to information. The Swedish exit results in the disappearance of fundamental support for these issues, which are not priorities for other agencies present in Honduras and do not enjoy sufficient support and commitment from the national political establishment. Furthermore, given the limited degree of dialogue between the official entities (government and donors), civil society found it difficult to articulate broader responses to these challenges.

There were some doubts about the continuity of some Swedish civil society organisations with a strong presence in Honduras, such as Diakonia, given that at the time of writing, SIDA had yet to officially communicate its decision on the commitments assumed through Swedish NGODs. The role of these organisations was not clearly considered in the exit process, even though they could have played a significant part in the negotiations of the process at the level of programmes and projects, given their strong involvement in different processes, particularly at the local level.

There was little opportunity for the different actors jointly to assess Sweden's exit and its multitude of implications. The workshop held within the framework of this case study provided the first opportunity for national government representatives, implementing organisations, civil society and the donor community to debate the process in a relatively tension-free environment.

## **5.3 Exit management: Not all is under control**

### **5.3.1 Planning and exit type**

As the second phase of a donor's phase-out process, exit management entails two key aspects: planning and implementation. The following sections will assess the extent to which planning and exit type selection allowed for sufficient adaptability and predictability for the national actors.

According to national partners, the official exit communication was announced within a reasonable timeframe so that national institutions could adjust their planning and budget processes within the PRS framework. The majority of interviewees believe that three years is sufficient for the majority of SIDA counterparts to develop

their institutional strengthening plans and identify potential alternative funding sources in the medium term. However, this perception seems to contradict the doubts expressed over the sustainability of some specific programmes.

Since the official announcement in August 2007, SIDA has carried out a process of consultation with national partners in order to define the exit strategy, which included a clear commitment to the fulfilment of the different contracts and agreements. At the political level, an exit process was concerted with governing institutions such as the Ministries of the Presidency, Finance and Technical Cooperation. This included general provisions on the sectors and the resource allocation, facilitating an effective management of exiting Swedish funds.

At a lower level, there was strong support for the institutional sustainability of existing cooperation programmes. The strategy was coherent with the principles of sectoral concentration that SIDA had begun in the months prior to the announcement, within the framework of its 2008 Annual Plan. The activities, implementation timetables and aid modalities used during Swedish phase-out were discussed at the technical level with implementing bodies.

The exit process included different channels of political and technical dialogue. However, the flow of information between the different levels and institutions has been scarce. The aid policy-governing institutions – such as SETCO and the Presidency Secretariat – have general information on the priority sectors of Swedish phase-out and their budgets, but do not have access to detailed disaggregate information on the programmes and projects that will be implemented by sector and the state of their implementation. The adverse political context created by Sweden's exit communication undoubtedly had an impact on the pace of dialogue. Another indicator of an incomplete communication is that the exit strategy was only available in English and was not openly shared with national actors.

SIDA's exit process from Honduras primarily entailed closing projects and programmes. This did not prevent SIDA from initiating new cooperation agreements, for example with EROC, and launching new aid modalities, in particular decentralised budget support through EROC. There are certain methodological doubts with regard to launching new instruments in the midst of an exit process. Central government representatives found SIDA's unorthodox approach contradictory to their refusal to provide general budget support, after this modality entered in crisis in 2004. In the case of EROC, there was considerable tension in relations between aid policy-governing institutions and implementation levels, because EROC's proposal responds primarily to territorial dynamics and local management. These do not necessarily coincide with the centralised planning schemes and mechanisms used at the national level.

Given that the rest of the donor community in Honduras has shown limited interest, SIDA's attempts to promote joint planning with other donors during its exit were restricted to ad hoc initiatives within the G-16 and at the bilateral level. In the absence of like-minded donors, the use of alternative modalities such as delegated cooperation is not viable. Additionally, the government has not yet proposed a more efficient donor presence in the different sectors. Thus negotiating a division of labour among donors according to national priorities is still a pending task.

### **5.3.2 Implementation**

Implementation is vitally important to exit practices. It is also closely related to the national capacities to face potential losses due to the withdrawal of funds, and the sustainability of development results. Efficient management depends mainly on a clear and flexible attitude towards country leadership and the donor's responsibility with regard to the exit process.

At the time of writing, SIDA's exit strategy was in its second year of implementation, and it was expected that cooperation agreements would be concluded by the end of 2010. Within this framework of action, the

Swedish Ministry decided in 2008 to accelerate the exit date and the closing of the office to June 2010, generating a certain degree of confusion in Honduras. Despite this, exit implementation is following the planned timetable and some activities are yielding short-term results.

In order to better analyse exit management, this research has focused its assessment of implementation on two concrete examples in the governance sector, namely the National Women's Institute (INAM) and the Western Regional Platform (EROC).

In the case of INAM, great efforts are being placed on preparing the II Honduran Gender Equality and Equity Plan (PIEGH) 2008–2015. This plan is considered an operational and political instrument that would allow INAM to redefine its governing role in gender policy and negotiate new sources of funding for its programmes and activities. In particular, it is expected that the PIEGH will allow the alignment of the donors to support gender equality and the use of new aid modalities such as programme-based approaches.

The new plan entails a significant change in INAM's strategic role, which will go from merely implementing activities to coordinating and supervising public policy. Political support from the government and the access to aid modalities that facilitate institutional strengthening will be crucial not only to achieve the effective implementation of the PIEGH, but also institutional sustainability and advances in terms of gender equality.

**Between joy and sadness:  
Sweden's exit from the National Women's Institute**

SIDA played an important role in the creation of INAM and its financial contribution has reached approximately 40 per cent of the institutional budget. In addition, SIDA has been a strategic ally in the women's human rights agenda and delicate issues such as sexual and reproductive health, gender violence and women's political participation.

SIDA's exit strategy focused on institutional strengthening by drafting, consulting on and disseminating the II Honduran Gender Equality and Equity Plan (PIEGH) 2008–2015. The participative design of this state policy included central government bodies and local women's and civil society organisations, and covered all geographical regions of the country.

Such a participative formulation has the strategic objective of strengthening INAM's governing role in gender-oriented public policies and positioning the equality agenda within different sectors. The consultation structure based on 14 dialogue tables with existing groups (including young women, women living in rural areas and trade unionists) facilitated the identification of common points and specific themes. The plan has addressed them in great detail. Extended consultation has also strengthened ownership of the 2008–2015 PIEGH by different sectors, especially the women's organisations that play an important role in ensuring the continuity of processes during the electoral period and political transition (2009–2010).

The PIEGH is a key operational and political instrument that will ensure the incorporation of gender equality into both the public agenda and the state's budget. An indicator matrix linked to the national management for results system will be established to guarantee its effective implementation. It thus plays a cross-cutting role between gender equality and strong instruments within the national systems themselves, in line with the proposals put forward by multilateral organisations on the permeability of the public sector in relation to gender equality (for further details, see De la Cruz 2008).

The PIEGH's financial viability will depend on the political will of the government and the national budget allocated to INAM, which has substantially increased in the past three years. In turn, the PIEGH offers the basis for negotiating new aid modalities that facilitate institutional strengthening such as the programmatic approach according to national policies and priorities.  
nacionales.



The second case relates to an initiative to provide direct support to municipalities, an innovative instrument introduced by SIDA during its exit strategy in collaboration with EROC (see box). For SIDA, this support is largely coherent with its historical support of the development of Honduras' western region which began in the 1980s. Even though the country has managed to develop a framework of policy decentralisation, there is no precedent of municipal budget support and its analytical base in the Central American region is fragile. In Honduras, budget-related operations are limited given the weak capacities of the national public financial management and general weak public sector transparency. Strong confrontations regarding the 'warranty stamps' of international financial institutions, especially the International Monetary Fund (IMF), are another limiting factor.

At the local level, these challenges are exacerbated by a lack of staff experienced in project management. In response to these limitations, the EROC initiative includes a strong local capacity-building component that assists implementation of development projects with a view to strengthening national systems at the local level. However, Sweden's experience – and that of other actors – in Honduras also shows that investment in governance, in particular national capacity building, is a long-term process. Thus far, support to EROC is only planned for two years and the platform will face challenges of financial and institutional sustainability if new sources of funding are not available. Spain and Japan, with cooperation agencies also working on decentralisation in the same area, have shown some initial interest in participating in the process but are sceptical about providing municipal budget support. It is also important to secure a political commitment at the national level in support of EROC, and to disseminate its good practices in other areas of the country so that these are not isolated. Another challenge for this initiative is the question of incentives to mayors in the region, whose interest in participation depends on the possibilities of accessing additional resources for their local budgets. They are also affected by high electoral volatility. As Sweden's exit becomes a reality, if other donors do not inject funds in municipal budget support, decreasing resources might have a negative impact on the interest and commitment of mayors towards this initiative and its sustainability.

**New aid modalities in the exit strategy:  
EROC and direct support to municipalities**

EROC is composed of different sectors of civil society and local governments in Lempira, Ocotepeque and Copán. The platform is the result of a local capacity development process in the region that began in the western areas in 1998, and of the local participative processes developed by the PRS.

Today, EROC is a space for political dialogue and the formulation of social development, economic, political and cultural proposals for the region. It has drafted the PRS operational plan for the western region of Honduras. The plan's basic components are strengthening the decentralisation of public management, improving transparency, harmonising cooperation and promoting citizen participation. The PRS has been one of EROC's core themes since the beginning. The implementation plan is based on commitments assumed at the international level to improve aid effectiveness, such as the Paris Declaration and the AAA. It proposes a new development model that promotes cooperation and multi-sectoral efforts to improve the efficiency of public administration and cooperation. For this purpose, it envisages and develops sectoral programmes, programmatic approaches, regional dialogue roundtables, and public spending monitoring and follow-up systems.

The 2008-2010 programme includes SIDA funding amounting to 30 million Swedish kronor. These funds will assist 30 municipalities in the western region. The programme intends to have a larger impact on poverty reduction. Specifically, it seeks to generate new experiences in local management that promote social coordination and regional integration. At the general level, it intends to improve decentralised governance and direct it towards sustainable human development in the region. At the operational level, support will also translate into Local Development Plans that aim to strengthen institutional capacities and democratisation of the local development processes in western Honduras.

More in general, a central element of the exit implementation phase relates to the management of the human and administrative resources of SIDA's staff in the country. In addition to innovative operations (such as direct support to municipalities), the capacity for political dialogue depends fundamentally on the continued involvement of SIDA staff in bilateral cooperation processes. In the period following the official exit announcement, three important aspects affected the management of human resources in SIDA's office in Tegucigalpa.

Firstly, the centralised character of the Swedish Ministry's global decisions meant that the main questions, such as the date set for closure of the office, were decided in Stockholm. This limited the room for manoeuvre and flexibility to implement the exit strategy from SIDA's Honduras office.

Secondly, the progressive exit of the director and senior staff of the SIDA office is seriously affecting the strategy implementation process. In mid-April 2009, the director left her post to assume directorship of SIDA in another country and was not immediately replaced. This scarce institutional representation is noteworthy in a country in a complex political situation, which later derived in a state coup.

Finally, headquarters in Stockholm sent confusing messages regarding the duration of the exit strategy and the possible institutional arrangements with the counterpart office in Nicaragua. This considerably increased uncertainty within the local team with regard to the subsequent steps and their interaction with national counterparts.

## **5.4 Post-exit scenarios: The great vacuum**

### **5.4.1 Sustainability of the progress achieved**

Aspects related to sustainability and post-aid relations gain relevance during the third and final phase of the exit process. Sustainability in particular is linked to the protection of vulnerable groups, the support of delicate development sectors, and the use of modalities that allow for the transfer of functions to the national government and other donors.

At the time of concluding the study, it is too soon to predict in detail the sustainability of the programmes supported by Sweden in the medium term. However, there is evidence to support a mixed panorama, with some favourable prospects as well as significant limitations.

A broad consensus emerged among the interviewees on the advantages of providing systematic support to institutional strengthening during exit management. It was seen as essential for sustainability prospects. This applies particularly to the democratic governance sectors, where support of national capacities increased the chances of preventing a deterioration of the progress made through Swedish cooperation. Some participants highlighted that 'a good exit is the result of a good entry', and SIDA's work with the pro-reform sectors and agendas of the government and Honduran society will have long-term positive effects.

Good practices in institutional sustainability, exemplary shown by INAM, indicate that in addition to donor practices, the government's role in increasing the national budget allocated to institutions that depend on foreign assistance is also important. In the past two years, the budget allocated to INAM has increased by approximately 30 per cent. At the same time, activities during SIDA's exit phase have focused on improving strategic planning with a view to capacity building in managing and negotiating public policy with other actors from the donor community. However, experiences such as NSI present a less clear horizon, since, in this case, dependence on foreign assistance is much greater. Unlike INAM, the NSI, a central body for managing results and orienting public policy towards the fight against poverty, lacks the political capacity to mobilise national resources. In simple terms, women's organisations – which are very active in Honduras – have had an important impact on the government and public opinion.

Other limitations to sustainability lie in aid programmes in sectors that have become donor 'orphans' after SIDA's exit. These include human rights promotion, strengthening politico-electoral institutions, transparency and anti-corruption and university reform. Sweden's exit has had an immediate impact on its counterparts that have increasingly limited resources. It is also crucial to advance with central issues in the national agenda, since such processes are not in the hands of other cooperation agencies.

A noteworthy element of the Honduran process is the limited direct influence of the exiting donor on the sustainability of advances made at the national, sectoral, programme and project levels. As envisaged by the exit strategy drafted by SIDA's Tegucigalpa office, the main channels to ensure sustainability – essentially financially – would require a greater commitment from the Honduran government and the donor community. While there are some viable options with greater national funding, such as INAM, these tend to be insufficient and require a more gradual approach in terms of the transfer of responsibilities to the national authorities. For their part, the rest of the donors reacted in an even more distant manner to Sweden's exit, even though this study detected relevant opportunities for other agencies to take on at least part of the Sweden's 'orphans'.

Firstly, Spanish cooperation will maintain significant aid flows, some of which could be channelled towards the absorption of possible losses caused by the Swedish phase-out. For a few years now, Spain has shared a series of sectors with Sweden, especially governance, and operates in areas with a strong Swedish presence, such as the country's western region. Following the elections at the end of 2009, Spain will devise through the Master Plan 2009–2012 a revised country strategy ('partnership framework') with the new national government. This will provide an opportunity to address Sweden's exit as a challenging factor for Honduras' development that requires a proactive response. Both aforementioned examples would merit increased attention from Spain. In the case of EROC, SIDA's Director for Latin America met in Madrid with his counterpart in the Spanish Agency for International Cooperation for Development (AECID) to facilitate Spain's support of this initiative. However, the nature of Spanish cooperation, with a larger degree of centralisation and less flexibility in terms of instruments, prevents the absorption of Swedish actions from being a viable option. A specific example is INAM. While Sweden opted for institutional support, Spain's aid is still essentially based on fragmented projects (with NGOD and decentralised cooperation): a type of cooperation that is not very useful for the strategic approach promoted by Sweden during its exit management.

On the other hand, the Canadian government announced in February 2009 an increase of its bilateral aid to Honduras within the framework of its own process of geographical concentration<sup>9</sup>. Between 2009 and 2012, Canadian funds allocated to Honduras will rise from US\$15 to 35 million, surpassing the volume of Swedish cooperation in 2008 by US \$2 million. However, at the time of writing, Canada had not considered the possibility of covering the potential lacunas caused by Swedish phase-out with the new funds. Despite the emerging needs in some governance programmes, the Canadian International Development Agency will concentrate on productive development, health and education, in accordance with the headquarter's mandate to invest in sectors with visible short-term impacts. This reveals the great difficulties in implementing one of the implicit hypotheses of international division of labour: that one donor's exit could be absorbed by the additional efforts of another. Since Canada defines itself as a like-minded donor (and could be one of the actors closest to the exiting Swedish cooperation), strong doubts persist over how to ensure more rational coordination among donors.

The examples of Spanish and Canadian responses to Swedish phase-out clearly show that no sense of co-responsibility has emerged among donors in Honduras. This implies that one of the central pillars of the sustainability of the exit strategy – the entry of other donors – has simply disappeared in the Swedish exit process. This raises serious systemic doubts over the dynamics of geographical concentration that several donors have been following since the mid-2000s.

<sup>9</sup> CIDA/ACDI: 'Canada Moves on Another Element of its Aid Effectiveness Agenda, Press release, Ottawa, 23 February 2009

According to the guidelines of the Paris Declaration and the AAA, the national government can and must mobilise, allocate and manage international aid resources according to national priorities. However the lack of concrete leadership in the development and setup of a donor mapping seriously limits Honduras' capacities to negotiate with other donors an absorption of Sweden's exit. Some government representatives interviewed referred to this activity as 'filling' which partly has been promoted by means of of rationalising project portfolios with the international financial institutions. It is true that given the composition of the donor community in Honduras, the space for such leadership could be difficult to ensure, and the margin to implement operational instruments such as delegated cooperation is minimum. This explains the national government's deficiencies in regulating and organising aid, which generates a very weak framework to orient donor actions.

#### 5.4.2 Bilateral relations

As part of the post-exit scenario, the national government and the exiting donor can build bilateral relations beyond aid. Using alternative cooperation channels, for example in terms of triangular, cultural, commercial or regional cooperation, could be an interesting entry door. This type of post-aid interaction would represent a true consolidation of the North-South partnership process.

In the case of Sweden's exit from Honduras, only a possible short-term collaboration was suggested by the Swedish Chamber of Commerce to foster trade between both countries. In practice, post-aid relations were considered in a very diffuse manner. According to some interviewees, this could be explained by Sweden's lack of real interest in the limited and unstable Central American markets.<sup>10</sup>

In other areas, possibilities were not explored in a strategic manner. A way to continue relatively fluid communication may emerge in the form of an academic exchange programme, proposed by Sweden as a possible bilateral aid channel following exit conclusion at the end of 2010. However, at the time of writing, predictions seemed to indicate that links would be rather sporadic, partly due to the closure of SIDA's office in 2010 and the absence of diplomatic representation in Honduras. There was neither a systematic exploration of the possibilities of steering some additional efforts through Swedish NGOD nor a more consistent use of the multilateral channels that will continue to be financed according to current Swedish plans.

Limited bilateral relations are partly attributable to Honduras' current low-priority status in Swedish foreign policy. This restriction also seems to indicate a lack of global vision on behalf of the Swedish Ministry for Foreign Affairs to maintain some cooperation bridges. In the face of an expected disappearance of bilateral relations, mechanisms such as a continuous political dialogue could be used, even at the level of the EU. These would not only benefit the country, but also the entire region in whose reconstruction and transformation Sweden has played a fundamental role in the past 25 years. However, given the lack of a more in-depth analysis of these comparative advantages beyond aid (for example in the areas proposed by the Stockholm Declaration), Sweden can no longer continue to project its values and capacities in the country and its neighbourhood. Honduras' development is likely to pay a high price for Sweden's withdrawal, as it signifies the loss of Swedish expertise in political dialogue and comes at a time of grave institutional crisis.

## 6. Sweden's exit: Towards good practices

The previous pages have presented a complex picture and mixed results with regard to the exit process of Swedish cooperation from Honduras. Confirming the central hypothesis of this research, this case study found that there is a close relationship between the exit type and the impact on national leadership capacities and mutual accountability, especially in relation to the exiting donor's responsibilities. Along these lines, a series of good practices has been identified that contrast with other less favourable aspects.

<sup>10</sup> In fact, the Swedish Chamber of Commerce only keeps an important portfolio in Argentina, Brazil, Chile and Mexico. See <http://www.swedishtrade.se/sv/vara-kontor/amerika/>.

## 6.1 Understanding the incongruities of Sweden's exit from Honduras

One of the key messages of the case of Honduras is the need for all actors to assume a shared role in a donor's phase-out process. A certain tension emerges between the unilateral decision of a donor on the one hand, and the shared responsibility of the exiting development partner, the national government and the remaining donor community, on the other. However, the bases and premises of the partnership, backed up by international agreements – the Paris Declaration and the AAA – constitute a clear normative guide: the partnership, national leadership and mutual accountability not only circumscribe to bilateral aid relations, they must also determine the interaction between the group of actors involved in the partner country's development. This has a particular impact on donors that remain in the country and that have assumed delicate commitments concerning national development strategies.

The second aspect worth noting is the possible friction between the donors' different political and operational branches. In the case of Sweden, at least three different levels can be identified in the exit process. The political decision was taken by the Ministry for Foreign Affairs and was communicated to the country through its Ambassador based in Guatemala. The Ministry also provided some general guidelines for the phase-out process. The SIDA headquarters in Stockholm had the mandate to support and monitor the process, which, according to the data gathered in this study, was only carried out in a very fragmented manner. The underlying reasons can be found in the traditional decentralisation of Swedish aid and SIDA's process of reform, which concluded at the same time as the exit from Honduras. The design and adaptation of the exit strategy to the country's conditions was in the hands of the SIDA office in Tegucigalpa. The office was affected by the centralised nature of some key decisions, the progressive reduction of its staff and confusing messages from Stockholm regarding the final exit dates.

Both factors explain some incongruities in the Swedish phase-out process. On the positive side, the exit management has generated good practices, for example in terms of strong support of transparency, dialogue with implementing organisations and national capacity development. The negative side includes the lack of attention to post-exit scenarios, poor communication management and the high risk taken in the introduction of new modalities (such as regional budget support) in the phase-out process. Additionally, SIDA showed an excessive optimism regarding the possibility of other donors replacing its contributions. The majority have proved incapable or unwilling to fill possible gaps in funding at the sectoral and programme levels.

## 6.2 Hard blows to Sweden's legacy

To date, Sweden has managed to carry out a responsible exit process due to the large degree of confidence, respect and even affection it enjoys in Honduras. As workshop participants declared, SIDA's exit was perceived with a mixture of sadness – due to the impossibility of replacing the immense quality of its contributions to the country – and joy – given the direct support to national capacities and strategic ownership of national actors during the phase-out process. However, following the downfall of the institutional democratic system in June 2009, the balance has dramatically tilted towards a perception of a huge vacuum left by SIDA among the most progressive actors in the country. In this sense, Sweden's legacy in Honduras may rapidly dissolve and become, in the words of an interviewee, a 'distant memory'.

Beyond the questions of practices, global doubts have been raised about the appropriateness of the exit itself. The specific context of Honduras highlights the comparative advantage of the Swedish cooperation, particularly in relation to the capacities of the remaining donor community and the current political situation, which is critical for the country's development. Even acknowledging the scant interest in Honduras as a destination for export or investment, some national sectors have criticised Sweden's apparent indifference towards the premises of the Stockholm Declaration, which envisages a political transformation that is very difficult to ensure in only a decade. Here, it is necessary to reflect on the responsibilities Sweden assumed in this highly visible process, which is also very relevant to its prestige as a development partner.

### 6.3 Clashing complementarities

Sweden's exit from Honduras calls for a more realistic analysis of international division of labour. Some practices apparently contradicting the bases of the North-South partnership were identified. As opposed to the mandates for coordination at the global and more particularly at the European level, the Swedish Ministry for Foreign Affairs took the geographical concentration decision without consulting other donors. In the case of Honduras, the lack of political commitment to complementarity has directly translated into lost opportunities with high costs for the country. In reviewing its cooperation strategy with Honduras, Spain sees few incentives and has insufficient capacity to fill the gaps left and proceed with the aid effectiveness agenda. Canada does not even consider Sweden's exit, with its large impact on the governance sector, as relevant to its plans of triple bilateral aid to Honduras.

Furthermore, systemic lessons on international division of labour can be learned. Beyond ensuring that other donors fill the financial gaps left by Sweden's exit, the processes of donor complementarity require a clearer analysis of the quality and adaptability of the different contributions from international cooperation. The case of Honduras shows that it will not be easy to replace Sweden's commitment and capacities as a Nordic+ donor, especially in the areas of political dialogue and support of the aid effectiveness agenda. A careful review of unilateral geographical concentration is needed. Honduras hosts a very limited donor community, containing few European countries and no other Nordic+ donors. In addition, countries such as the USA and Japan are more reluctant to embrace the aid effectiveness agenda and have the leverage to block the implementation of the partnership paradigm. The huge difference between the situation of Honduras and the so-called 'donor darlings' (such as Tanzania or Mozambique) can be very difficult to explain to the different national actors. Considering the vast differences in the different bilateral donors' will and capacities, it should be understood that financial contributions from different sources do not produce equally favourable situations for partner countries. In other words, one Swedish krona is not necessarily equivalent to a Canadian dollar or a Spanish euro.

### 6.4 Lessons for a partnership-friendly exit

This case study has analysed exit practices and their possible impact throughout the three main phases of the process: communication, management and post-aid relations. Following the same structure, the sections below present key lessons that can be extracted from Swedish phase-out from Honduras.

#### 6.4.1 Communication

In general, Sweden made great efforts to achieve transparency and dialogue in the preparatory and initial phases of its exit, which gave the national government enough space to adapt its processes to the exit. Good practices include:

- Early warning of a possible phase-out, giving the partner country a certain margin for reaction.
- Communication and explanation of the decision to exit on behalf of very high-level diplomats and senior representatives of the national government. The decision must be based on clear criteria.
- Consistent support towards providing detailed information to the main national authorities on the exit process (particularly with regard to quantitative data).
- Active dialogue with national partners and implementing bodies, and a capacity to listen.

On the other hand, less favourable aspects of this first phase provide the following lessons:

- The timing and type of announcement must be adapted as much as possible to the political dynamics of the partner country, attempting to avoid coinciding with electoral processes.
- In contexts of great political tension, it is appropriate for the corresponding ministry to devise, together with the country office, a communications plan that includes containment mechanisms and carefully addresses public opinion.
- The exit process can achieve greater legitimacy if it is contextualised with global aid policies, such as the EU Code of Conduct or the Accra Agenda for Action.
- The exit announcement should identify the opportunities for the country, that is, solidly present the exit as a chance to promote country leadership.
- The participation of other donors is difficult to ensure at country level and requires the active involvement of the donor's political leadership and its counterparts in other donor countries (in particular European ones) from the outset.
- A potential channel to be explored is a joint exit announcement with other donors, ideally through existing coordination mechanisms.
- There must be consistency in the messages from headquarters and country offices throughout the entire process, avoiding at all costs confusion and incongruities about dates and channels that will remain open.

#### 6.4.2 Exit management

In the phase of exit planning and implementation, Swedish cooperation developed some good practices, especially in terms of investing in national capacities as a sustainability pillar. The following positive contributions by SIDA during its phase-out from Honduras can be highlighted:

- Given its three-year duration, the timeframe was considered sufficient in the eyes of nearly all national actors to adapt planning and the capacities of partner organisations.
- Exit strategies need to be adapted not only to the national context, but also to sectoral conditions.
- Investment in national capacities during exit management improve the bases for the sustainability of the progress made in institutional strengthening.
- A donor's footprint is deeper when it identifies opportunities to support policy and national institutional reform and is not exclusively focused on projects and programmes.
- The strict fulfilment of signed agreements and the predictability of financial flows have allowed for better control of funding for development by the national government and have created opportunities to re-negotiate donor distribution.

Within this positive perspective, the Swedish experience has also given rise to a series of doubts that could be resolved through the following practices:

- Financial and institutional sustainability require a realistic analysis of possible substitutes and their real capacities, including donors as well as national government bodies.
- The introduction of new aid modalities during phase-out entails a high risk to sustainability and should only be carried out if (a) it leads to a quicker achievement of concrete results and (b) there are firm commitments from other donors in the initial phase to fill the vacuum left by the exiting donor.

- Exit planning should explore different post-exit scenarios at the national and sectoral levels to facilitate continuous learning and to reorient efforts towards a responsible exit during implementation.
- Human resource management (and the preservation of institutional memory) by the exiting donor is a crucial and delicate factor for a responsible exit and should foresee the continuity of the most visible professionals in the eyes of national actors until the conclusion of the phase-out process.

### 6.4.3 Post-aid relations

SIDA only paid fragmented and superficial attention to this last phase of the exit process, although it is worth highlighting its wish to ensure a good degree of sustainability. Within these limitations, the following good practices can be extracted from Sweden's exit from Honduras:

- The systemic support of national capacities and public policy reform during exit management creates opportunities to ensure the sustainability of the progress made.
- The national government's ability to fill certain funding gaps can be increased if social organisations ensure a good degree of public visibility for a particular programme, institution or sector (such as the case of INAM).

From the difficulties in articulating a perspective beyond the exit process, the following lessons can be obtained:

- Given the limited direct influence of the exiting donor on the will and capacity of other donors and the national government to fill certain financial gaps, sustainability requires more solid coordination platforms at country level
- Good remedies for this more systemic deficiency could be the direct support of the national government to set up donor mapping; use of donor exit to promote a more rational deployment of the remaining donor community; and creation of incentives adapted to each donor that may be reviewing or increasing its cooperation with the partner country.
- In particularly delicate sectors, possibilities of using more gradual exit instruments such as delegated cooperation should be explored.
- The exit process should more creatively address alternative aid channels, which requires a stronger commitment from the different ministries and public entities in the exiting donor country.
- Within a more inclusive approach to the North-South partnership, promotion of a very active role of the exiting donor's civil society in the phase-out process is recommended, particularly if it will keep its activities in the partner country.

## 6.5. Lessons for the national government

Although this research mainly focuses on the practices of the exiting donor, the case of Honduras also presents some strategic lessons for the national government to assume leadership in division of labour processes:

- The government could devise its own a three-step adjustment plan to absorb possible lacunas: identification of needs, replacement proposals for the donor community and an increase in governmental funding.



- A donor's exit can be seen as an opportunity to restructure dialogue with donors under national leadership regarding sectors and programmes. This dialogue should include emerging donors operating in the country if possible.
- Rationalising complementarity among the remaining donors should be based on financial mapping (or lack thereof), identifying comparative advantages according to national priorities, and roadmaps to protect delicate sectors of the country's human development.
- If the country assumes funding of orphan programmes, national prestige increases and this brings direct benefits in terms of decreased dependence on donor contributions.
- Participation in international division of labour platforms, such as the Fast Track Initiative promoted by the EU, can improve visibility and facilitate mutual learning among the different partner countries on exit practices and criteria for complementarity within the remaining donor community
- The opinions of partner countries affected by donor exit can be brought to existing dialogue fora, in particular a division of labour task team rooted in the DAC WP-EFF, which will explore international division of labour for the next two years.

## 6.6. Lessons for the national civil society

In many cases, social organisations in a country affected by donor exit do not carry out comprehensive analyses of the process's opportunities and risks. However, the exit of Nordic+ donors, committed to inclusive political dialogue, can have severe consequences for civil society. From the Honduran context, one can extract a series of possible lessons for more proactive civil society participation:

- Phase-out can generate a very broad national debate, especially if it is linked to the national capacities to fill the gaps and with the quality of governance and taxation as key factors to achieve larger independence in terms of aid
- It is necessary to protect, through strong public support from social organisations, the more delicate sectors susceptible to the losses generated by a strategic donor's exit (for example, because they have little support or may even face resistance from the national authorities).
- The permanence of NGOD from the exiting donor in the national context may be reinforced through strategic alliances and coordinated demand from national social organisations, so that these NGOD have sufficient resources from the exiting donor .

## 6.7 Lessons for the remaining donor community in the country

Swedish phase-out from Honduras has raised very important doubts regarding the remaining donors' roles and responsibilities. The AAA translates the mutual accountability among donors into an explicit mandate of preventing division of labour from causing losses to the partner country. In Honduras, there is no doubt that there is a broad margin to better socialise and operationalise the co-responsibility of the donor community. The following lessons can be learned from the less favourable experiences in this respect:

- A donor's exit should be included as a very relevant factor for the context of national development, international cooperation and political dialogue that should be addressed in the technical (agencies) and political (embassies) spaces for coordination.
- If donors review or increase their aid portfolio, the criteria for a possible relocation of sectors and programmes should take into account the gaps left by a donor's exit.
- Given that division of labour is a high priority among European development policies, European donors – and the European Commission in particular, –have a specific responsibility in terms of the absorption of possible losses caused by the exit of an EU member state.

## Abbreviations

AAA	Accra Agenda for Action
ACDI	Canadian International Development Agency
AECID	Spanish Agency for International Cooperation for Development
ALBA	Bolivarian Alliance for the Peoples of Our America
ASONOG	Non-Governmental Organisms Association
CABEI	Central American Bank for Economic Integration
CDM-H	Women's Rights Centre
DAC	Development Assistance Committee
ECLAC	Economic Commission for Latin America and the Caribbean
EROC	Western Regional Space
EU	European Union
FUNDEVI	National Housing Foundation
GDP	Gross Domestic Product
G-16	Group of 16
HLF	High Level Forum
HIPC	Heavily Indebted Poor Countries
IADB	Inter-American Development Bank
INAM	National Women's Institute
IMF	International Monetary Fund
MDG	Millennium Development Goal
MDRI	Multilateral Debt Relief Initiative
NAC	National Anti-Corruption Council
NGOD	Non Governmental Organisations for Development
NSI	National Statistics Institute
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PIEGH	Honduran Gender Equality and Equity Plan
PMRTN	Master Plan for National Reconstruction and Transformation
PRS	Poverty Reduction Strategy
PRSC	Poverty Reduction Support Credit
SETCO	Technical Secretariat for International Cooperation
SIDA	Swedish International Development Cooperation Agency
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund UNICEF
WP-EFF	Working Party on Aid Effectiveness and Donor Practices

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### Annex 1: List of interviewees and workshop participants

The authors carried out 13 personal interviews and a debate workshop in February 2009. Below is a list of the professionals that generously collaborated with this study.

Name	Position	Institution
Ann Stodberg	Director	Swedish International Development Cooperation Agency (SIDA)
Carlos Rivas	Water and Sanitation Adviser	SIDA
Concepción Aguilar	Citizen Participation Programme Coordinator	Non-Governmental Organisms Association (ASONOG)
Daniel Arsenault	Head of Development Cooperation	Canadian International Development Agency (ACDI)
Doris García	Minister	National Women's Institute (INAM)
Elena Gutiérrez	Assistant Coordinator	Spanish Agency for International Cooperation for Development (AECID)
Elena Sánchez Ruano	Head of Technical Assistant	SDP-PRAP
Ezequiel Miranda	Member	ASONOG
Guadalupe Hung	Vice-Minister	Technical and International Cooperation Secretariat
Janeth Aguilar	GAVI/UPEG	Health Secretariat
José Rafael del Cid	Socio-Political Division Coordinator	ESA Consultants
Juan Enrique Opazo	Consultant	SIDA
Juan Zaratiegui	Cooperation Attaché	European Commission
Julieta Castellanos	Project Coordinator	United Nations Development Programme (UNDP)
Julio Raudales	Adviser	Programme Administrative Unity (ACDI)
Kenia Irias	Technical Director	INAM
Martin Ejerfeldt	Economist	SIDA
Miguel Á. Domínguez	Executive Director	National Anti-Corruption Council (NAC)
Nilla Ingstorp	Programme Official	SIDA
Ricardo Arias	Vice-Minister	Presidency Secretariat
Rocío Tabora	Governance Programme Coordinator	UNDP
Tania C. Martínez	Researcher	NAC
Víctor Hugo Ramírez	Assistant Secretary	Western Regional Space (EROC)

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Margarita Puerto Gómez is an international development cooperation consultant with vast experience in the fields of aid efficiency, democratic governance and women's rights. She received a Masters in International Development Relations from George Washington University in 2008 and a Masters in Development Politics from the Institute of Social Studies of The Hague in 1999. She is currently collaborating with the World Bank's Social Development department in Washington DC.

Nils-Sjard Schulz is an independent development consultant and a senior researcher at FRIDE. He specialises in the quality of aid and aid provision by Spanish and local organisations, in Latin America and Africa in particular. His work focuses on the new aid architecture and the changing relationships between donors and partner countries, the management of public finance and transparency in oil production among other topics. He has a Masters in Social Sciences from Humboldt University in Berlin and a specialisation in International Relations from the Complutense University in Madrid.

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