

When Development Projects go Orphan

**Lessons from 20 years of Swedish
forestry support to Nicaragua**

Pierre Frühling

**Department for Natural
Resources and the
Environment**

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Sida Evaluation 00/34

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Executive Summary

Background

Beginning as early as 1980 and continuing up to 1998, Sweden continuously provided bilateral funds for forestry development in Nicaragua. The total amount financed by Sida during this period of almost two decades amounts to almost SEK 400 million. The overriding objective for the Swedish support was to contribute to major changes in the traditional manner of managing forest lands in Nicaragua and to lay the foundations for forestry as a sustainable economic activity generating employment, export income and environmental benefits.

However, evaluations as well as various follow-up studies show rather meagre results from this considerable investment. A common explanation for this lack of success is, of course, that these years constituted a period in Nicaraguan history characterised by wartime conditions and general turbulence as well as frequent and far-reaching changes within the spheres of politics, economics and the public sector. This is, however, not the full story – and it also begs the question why Swedish forestry support to Nicaragua continued for so many years in spite of adverse conditions and scant results.

The purpose of this study is (a) to analyse the development of the forestry programme and estimate lasting results; and (b) to identify the main external and internal factors which shaped the programme and contribute to a discussion on principled lessons, thereby promoting the learning process within Sida and other international development agencies.

Reasons for Forestry Support

In the beginning it all seemed very logical and reasonable. The struggle against the Somoza dictatorship had been long and hard, and when the armed insurrection was finally over in July 1979, foreign observers entering the country were shocked by the sacrifice in human lives and material destruction that had resulted from Somoza's last desperate attempt to maintain his power. Within two weeks' time, the first decision was taken on bilateral Swedish assistance to Nicaragua, allocating SEK 25 million to projects within the health sector. Support for economic rehabilitation and development was soon to follow, and in this context forestry and mining almost immediately gained high priority.

Sweden had a long and solid domestic tradition in forestry, and during the 1960s and 1970s Sweden had also – through Sida – initiated a series of forestry development programmes in several parts of the world. Nicaragua, for its part, possessed the largest remaining forests in Central America and had a potential for forestry development. Furthermore, the revolutionary government seemed to take issues regarding natural resources and forestry seriously: within a few months a national institute for natural resources and the environment had been created, as well as a state corporation for the management of the nationalised part of the forestry industry. To be sure, the country lacked forestry tradition – forests were mainly seen as an obstacle that must be cleared in order to expand the pasture available for extensive cattle breeding or for agricultural purposes. But the new government appeared to have the insight; if it also possessed the necessary political will and perseverance – then it should be possible to achieve a real change and take advantage of the country's forestry resources.

Within this context the Swedish commitment seemed reasonable. It was also innovative (for Latin America) and aimed at development, not only reconstruction. Besides, it was judged to constitute the type of programme that could be rapidly started and expanded, thus in a visible manner showing that Sweden was serious in its political commitment towards Nicaragua.

Main Phases

Swedish development assistance to the forestry sector in Nicaragua began in 1980 with purchases of spare parts and equipment needed to maintain production at recently nationalised forest companies. Initially, the financial level of the support was rather modest but after the decision by the Swedish Parliament in 1982 to give Nicaragua status of *programme country*, funds allocated to forestry assistance increased substantially (reaching SEK 30 million annually already in 1983/84) and the support soon came to be implemented as a *sector programme*.

During the years up to its termination in December 1997, the programme went through periods of shifting emphasis both as regards the objectives and the allocation of resources. As concerns the main purpose of the operations, the programme is estimated to have gone through four major phases:

- (i) From 1982 to 1985/86, activities focused on the development of a database for the sector and the formulation of a Forestry Master Plan for national forestry development. Assistance to the rehabilitation of sawmills was continued and systematic forestry training activities were initiated.
- (ii) From 1985/86 to 1990 the programme was essentially production oriented, in an attempt to yield quick economic results to contribute to the solution of the country's severe economic crisis. Support to the forest industries exceeded half of the total SIDA inputs and long-term objectives were generally given lower priority. Assistance to forestry training was continued, however, and a special project among small farmers (farm forestry) was initiated.
- (iii) During the period 1990 to 1992, the programme was drastically reoriented. Long-term goals were revised towards institutional development, conservation and support to the private sector. The support to industrial activities was terminated, whereas assistance to training continued (also after the completion of the construction of the National Technical Forestry Institute) and the farm forestry project was expanded.
- (iv) From 1992 to 1997 the concentration on institutional development for the country's forestry authorities (and the Forestry Training Institute) was further strengthened and a major effort was made to include the forest-rich (and multi-ethnic) Atlantic Coast in the programme, aimed at achieving the titling of forest lands and contributing to sustainable management of state and community forests. All conservation projects as well as the farm forestry project were terminated at the beginning of this period, whereas a special pilot project for motivating private farmers to plant commercial trees was introduced.

Lasting Results

Regarding *long-term planning* for sector development, three major plans were elaborated with Swedish support, providing valuable data and contextual analyses but so far with very limited direct impact on forestry development; a fact which reflects the low priority given to this sector by the Nicaraguan Government as well as by leading circles within the national business community. Concerning support during the 1980s to the *national forest industry* no lasting results can be observed, mainly due to the combined impact of war-time conditions (during the 1980s), the far-reaching economic changes initiated in 1990 and wide-spread tenancy problems.

Regarding *institutional development* – defined as the establishment of national forest authorities with reasonable capacity, acting within the framework of a national forest policy, a modern forest legislation and cross-sectoral coordination – results have been remarkably meagre. The current situation is still characterised by a weak and deficient legal and institutional framework and sectorial isolation,

resulting in a continuous lack of control regarding forest exploitation and a very limited contribution from the forestry sector as regards economic growth and employment.

Important and tangible results have, however, no doubt been achieved within the area of *human resources development*. The most visible result within this context is the vocational forestry school which was born and established due to Swedish support and from which several hundred forest technicians have graduated. Moreover, considerable professional knowledge has also been created through the different national planning efforts, the pilot projects mentioned above, the efforts to strengthen institutions and the activities developed on the Atlantic Coast.

The current domestic knowledge and professional capacity regarding forestry and forestry development in Nicaragua is, to a high degree, the result of the continued Swedish support. However, this national competence is still underutilised.

Lessons for the Future

The author does not present any exact lessons to be learnt. In order to promote further discussion he instead elaborates on principal factors and interrelated mechanisms that were decisive for the shaping and unsatisfactory outcome of the programme. All main factors identified are of a non-forestry character and remain relevant to most development projects. In the analysis, emphasis is given to the following four factors:

(a) Involvement and commitment: There seems to be no doubt regarding the high priority the forest sector was initially awarded by the Nicaraguan Government. During the period 1982–85 this priority (and commitment) disappeared, however, due to the impact of the armed conflict. By 1984/85 the general situation in the country resembled that of civil war and survival, not development, became the overriding goal of the Nicaraguan Government. Thus, the ambitious National Master Plan for forestry development (which was presented in 1985 after 3 years of work) was enthusiastically embraced by the new forest authorities but never approved by the Government.

On the Swedish side few people read the signs or were willing to draw principled conclusions, most likely due to the general political climate and the Swedish agenda concerning support for Nicaragua. The programme was instead reoriented towards immediate production, in a futile attempt to generate export-income for the country's crisis-ridden economy.

Nicaraguan priority for, and commitment concerning, forestry sector development was never restored, not even during the non-sandinista Governments that followed from 1990 and onwards. But the programme continued – due to its own dynamics and support (on both sides) from technical levels. When Sida finally decided in mid-1997 that the programme was to be terminated, no objections were presented by the Nicaraguan Government.

(b) Political agendas and quality consciousness: Until 1979 Sida had never been active in Latin America. The reasons behind the Swedish Government's instructions to initiate (and soon expand) activities in Nicaragua were directly linked to foreign policy objectives. With the escalation of US interference from 1982 and onwards, Swedish political commitment towards Nicaragua was reconfirmed and deepened. Maintaining Swedish diplomatic support and a considerable volume of development assistance was important both as a contribution to Nicaragua in times of unlawful external aggression and to avoid the country being lost to the Communist bloc – which would create another potentially dangerous focal point for East-West tensions and constitute a severe blow for the democratic cause in the Third World.

Sweden thus genuinely wished to support Nicaragua, but the Swedish Government also “needed” a considerable volume of development assistance in order to be accepted as a reliable friend with a chance of perhaps influencing domestic political choices (towards free and fair general elections and to promote various peace initiatives). For several years this fact most probably reduced any possible interest within the Swedish Government for a detached analysis of the priorities, realism and results within development cooperation. This general attitude was conveyed to Sida, where the lack of a detached or critical attitude was even more predominant and clearly affected also the quality of reviews and evaluations.

For the Nicaraguan Government, Sweden became an increasingly important ally as US aggression and international political polarisation escalated. Together with a few other Western countries, Sweden constituted an important and prestigious bridging force. On the other hand, Sweden was firmly embedded in the world capitalist system and could not be fully trusted. This ambiguous attitude implied that the comprehensive picture and full scope of domestic considerations regarding certain priorities or decisions (including those related to Swedish development projects) could not be shared with Swedish representatives.

(c) Mechanisms for dialogue and programme steering: In a comprehensive external evaluation of the programme concerning the period 1982–92, it was found that no high-level discussions had taken place between the two Governments on policy issues or issues of a principled character. In practice, most bilateral discussions between the two countries were, on the Swedish side, delegated to Sida where prior knowledge concerning Nicaragua was lacking and where the internal structure tended to give the discussions a rather “technified” character, generally not addressing fundamental policy issues.

The Nicaraguan agency for external cooperation, for its part, always relied on national technical expertise within the forestry sector. In addition, both sides to a large extent depended on the information and analysis delivered by the technical consultants recruited by Swedish forest consultancy companies, put at the disposal of the Nicaraguan authorities but also consulted by Sida. The circle was thus completed. No appropriate forum was available for the discussion of possible overriding contextual or policy issues.

The Forestry Programme, which had been initiated with clear high-level commitment on the Nicaraguan side, thus soon became an orphan as concerns policy issues and high-level political support, detached from its original long-term goals and in practice supported only by the same domestic forest authorities which gained increased strength from the Programme, and by the corresponding technical department within Sida.

(d) Aid dependency: When the new Nicaraguan Government under President Violeta Chamorro came to power in 1990, the country’s foreign debt was in the order of USD 10 billion and for the first half of the 1990s national economic growth was constantly negative. In this situation the country became extremely dependent on foreign assistance (grants and loans) to stay afloat.

Whether the projects offered really constituted a priority for Nicaragua or not sometimes became less important than pleasing the donors and complying with their special demands – the overriding goal was to maintain a broad-based donor group and to ensure that the package from each major donor had a reasonable composition in general terms. Sweden and the Nordic countries constituted a donor group of major importance, they were very receptive to the Nicaraguan Government’s requests, they soon provided large sums of fresh money in the form of balance-of-payments support and they were allies in discussions with the international financial institutions regarding the vital issue of renegotiation of foreign debt. In this context, it may be understandable that the Forestry Programme, which Sweden seemed to care so much for, was not given very close scrutiny before being approved by the Nicaraguan Government.

1. Introduction

Beginning as early as 1980 and continuing up to 1998, Sweden continuously provided bilateral funds – through the Swedish International Development Agency, Sida – for forestry development in Nicaragua. The total amount financed by Sida during this period of almost two decades amounts to almost SEK 400 million. Even if programme and project goals changed over time, the overriding objective for the Swedish support was to contribute to major changes in the traditional (and generally rather destructive) manner of treating forest lands in Nicaragua and to lay the foundations for forestry as a sustainable economic activity generating employment, export income and environmental benefits.

However, evaluations as well as various follow-up studies show rather meagre results from this considerable investment. A common explanation for this lack of success is, of course, that these years constituted a period in Nicaraguan history characterised by wartime conditions and general turbulence as well as frequent and far-reaching changes within the spheres of politics, economics and the public sector. This is, however, not the full story – and it also begs the question why Swedish forestry support to Nicaragua continued for so many years in spite of adverse conditions and scant results.

The purpose of this study is twofold, namely:

- To provide a history of the forestry programme, analyse its dynamics and estimate lasting results from this major development endeavour;
- To identify areas for principled lessons from this complex and extended experience in order to contribute to the learning process within Sida and other organisations managing international development assistance, with the purpose of improving future development assistance programs in general but also within the forestry sector in particular.

This study relies on a review of existing documentation in different Swedish archives¹ as well as on the author's own first-hand experience from the Forestry Programme.² Furthermore, for the purpose of this study, a special input report on lasting results and the current situation regarding forestry was undertaken in mid-1999 by Nicaraguan consultants;³ followed by a field trip by the author to verify some of the results and to undertake extensive interviews with individuals who had held key posts at technical and political levels during the lifetime of the programme. Finally, the same kind of interviews were also undertaken with key staff on the Swedish side.⁴

Often, nothing seems more odd or even ridiculous than yesterday's fashion, as regards clothes as well as prevailing perceptions and ideas – this is valid also for international development assistance. But while examining the past with the benefit of hindsight may give some amusement and even make us appear wise and advanced, it hardly generates any real lessons which may be useful to reduce the blind spots in our thinking, promote some humility and, hopefully, improve the chances for success of our current endeavours. In order to really learn something from the different phases of the Swedish-Nicaraguan Forestry Programme, I have therefore sought to understand the reasoning applied during each period within its own context, trying to recall the “*Zeitgeist*” and its margins for alternative thinking.

¹ The Swedish National Archives; the central archive of the Swedish Ministry for Foreign Affairs and the central archive of the Swedish International Development Agency, Sida. The review of these archives comprised the full period (1980–1998) and included classified documents.

² From the beginning of 1991 to mid-1995 the author served as First Secretary at the Swedish Embassy in Nicaragua, being responsible for the management of the Forestry Programme.

³ Marvin Brenes (forester, Managua) and Jorge Canales (natural resources advisor, Puerto Cabezas).

⁴ A complete list of interviewees can be found in the annex on sources.

2. Twenty Years of Good Intentions

2.1 Political Sympathy and Reasons for Forestry Support

In the beginning it all seemed very logical and reasonable. The struggle against the Somoza dictatorship had been long and hard, and when the armed insurrection was finally over in July 1979, foreign observers entering the country were shocked by the sacrifice in human lives and material destruction that had resulted from Somoza's last desperate attempt to maintain his power.

Between ten and twenty thousand people were killed during the last years of the struggle, and the direct material damage caused by the war, damaged buildings, industries, stock, etc. were estimated in August 1979 by a special UN Commission to a value of almost 500 million dollars, which was equivalent to one-fourth of the annual gross national product. To these figures should be added the enormous flight of capital, particularly between 1978 and July 1979, as well as the massive "export" of cattle and agricultural machinery undertaken by latifundistas during the very last months of the Somoza regime.

The need for international assistance for reconstruction was thus enormous, a need that – at least initially – seemed to be matched by the sympathy with which the new Nicaraguan coalition government was received by many countries all over the world.

The Swedish Government had repeatedly condemned the Somoza regime for its violations of human rights and had already shown its sympathy towards the National Liberation Front (FSLN).⁵ When the victory was finally won, it did not take more than two weeks until the first decision was taken on bilateral Swedish assistance to Nicaragua, allocating SEK 25 million to projects within the health sector. Support for economic rehabilitation and development was soon to follow, and in this context forestry and mining almost immediately gained first priority.

Both Sweden and Nicaragua had a long tradition in mining, and gold production in Nicaragua generated considerable amounts of foreign currency. The Swedish decision to support this sector was thus easy to understand and at first seemed rational. But why forestry?

Well, Sweden had not only a long and solid domestic tradition in forestry. During the 1960s and 1970s Sweden had also – through Sida – initiated a series of forestry development programmes in several parts of the world. Swedish forestry consultants played an important role in these programmes and Swedish experts were also frequently employed by FAO in their forestry development efforts (also in Nicaragua, where Swedish consultants had already been active during the 1960s).

Nicaragua, for its part, possessed the largest remaining forests in Central America, both broad-leaf (tropical rain forests) and pine forests. And the new government seemed to take issues regarding natural resources and forestry seriously: within a few months a national institute for natural resources and the environment (IRENA)⁶ had been created, as well as a state corporation (CORFOP)⁷ for the management of the nationalised part of the existing forestry industry (saw-mills). Furthermore, forestry was one of the new resources mentioned in the first National Development Plan. The aim was to combine the social revolution with a broadening of the economic base for industrialisation

⁵ Frente Sandinista de Liberación Nacional.

⁶ Instituto de Recursos Naturales y del Ambiente.

⁷ Corporación Forestal del Pueblo.

and national economic development, and in this context a systematic and rational utilisation of renewable and non-renewable natural resources (forestry, fishery, agriculture and mining) was given a prominent role.

Given the magnitude of its resources, Nicaragua seemed to have an enormous potential for forestry development. To be sure, the country still lacked forestry tradition – forests were mainly seen as an obstacle that must be cleared in order to expand the pasture available for extensive cattle breeding or for agricultural purposes. But the new Nicaraguan government appeared to have the insight; if it showed in practice also to possess the necessary political will and perseverance – then it should be possible to achieve a real change and take advantage of the country's forestry resources.

Argued in this way – when necessary – it seemed quite reasonable and even somewhat exciting. It was innovative (for Latin America) and aimed at development, not only reconstruction, and, through the hiring of Swedish experts, it would probably ensure a large return flow. Besides, it was judged to constitute the type of programme that could be rapidly started and expanded, thus in a visible manner showing that Sweden was serious in its political commitment towards Nicaragua. The reconfirmation of this commitment, through the financing of concrete and substantial development projects, had a significance that went far beyond Swedish-Nicaraguan relations as it dealt with one of the main principles in Swedish foreign policy – namely the right of small and sovereign nations to pursue their own, non-aligned and independent policies in a world of super-power domination.⁸

2.2 Dreams of Institutional Development and of Production

Swedish development assistance through Sida to the forestry sector in Nicaragua began as early as 1980 with purchases of spare parts and equipment needed to maintain production at several recently nationalised forest companies. The purchases, financed via Sida's import support programme, continued during 1981, when also consulting services (regarding logging techniques and other aspects aimed at rehabilitation and improvements within the national forest industry) were included. The financial level of the support was still rather modest and amounted to a total of approximately SEK 17 million during the period 1980–82.

Initially, Swedish development assistance (on a grant basis) to Nicaragua was meant to be maintained at a modest level and persist for a limited time only. Unlike most of the other partner countries within the bilateral Swedish development cooperation programme, Nicaragua was considered to be a less poor and rather advanced developing country, furthermore possessing a clear development strategy and considerable domestic capacity for project preparation and implementation.

The general goal for Swedish development assistance to Nicaragua was – apart from the political dimension already mentioned above – perceived as a contribution to the solving of acute post-war problems (rehabilitation) and as a hand in the starting-up phase of the country's own ambitious national development plans. An exact time limit was never established, but from interviews with key officials and a review of relevant documents it is clear that the time horizon in mind corresponded to somewhere between 2 and, as a maximum, 5 years – not more.

Due to this short-term character as well as the favourable perception regarding Nicaragua's domestic administrative capacity, the specific modalities of the Swedish development assistance initially

⁸ Initially established as a principle by Sweden's long ruling Social Democratic Governments – and given particular emphasis by the late Olof Palme – this principle was also upheld by succeeding non-socialist Swedish Governments, such as the one in power at the time of the Sandinista revolution.

implied a rather limited degree of involvement and control from the side of the Swedish Government. Most support – also for projects – was provided either as import support, or through consultancy funds. General priorities for the distribution of the financial resources were agreed upon between the two Governments, whereafter the funds were put at the disposal of the Nicaraguan Government, who – with the help of foreign consultants – undertook procurement and implementation responsibility.

These two factors explain, to a large extent, the character, design and results of many of the activities financed with Swedish development assistance during the very first years. However, as the activities initiated with Swedish funds created their own dynamic and the volume of Swedish development assistance thus kept growing, and as the first sporadic sabotage raids and armed attacks by the US-supported *Contras* gradually escalated, two things soon became obvious: Firstly, that Swedish development assistance most probably would continue for some time longer and, secondly, considering the magnitude and complex character of the projects funded by Sweden, that other modalities for the management of Swedish development assistance to Nicaragua now ought to be applied.

For these reasons – as well as for reasons of foreign policy – the Swedish Parliament in 1982 decided to give Nicaragua the status of *programme country*; e.g. a partner country with a financial frame for development assistance defined in advance for a period of three years and applying more thorough methods for the preparation and follow-up of projects. Funds available for forestry development were now substantially increased and Swedish assistance for this purpose would be implemented as a Sector Programme instead of as separate (and scattered) activities and projects. The immediate expressions of these changes within the Swedish forestry support were as follows:

- (1) To commission a National Master Plan for Long-Term Forestry Development (through IRENA); and
- (2) To substantially increase the support (through CORFOP) for the existing forest industry in order to increase production and export levels.⁹

Other major components of the Swedish forestry sector support for the period 1982–86 were:

- (a) Institutional support to IRENA and CORFOP;
- (b) Forest inventory and plantation activities;
- (c) The establishment of a National Wood Technology Laboratory;
- (d) The establishment of a special vocational school for the training of forest technicians, Instituto Nacional Técnico Forestal, INTECFOR.

As already mentioned, total financial commitment from the Swedish side now rapidly increased, starting with SEK 10 million for fiscal year 1982/83 and reaching more than SEK 30 million already FY 1983/84, a level which was also maintained the following year. However, programme management and coordination became complicated and cumbersome.

On the Nicaraguan side, a total of five government authorities were directly involved: IRENA, CORFOP, the Ministry of Education (for the vocational school), the agency for international cooperation (FIR)¹⁰ and the national financing institution for the productive sector, FINAPRI, with the latter given the responsibility for overall coordination. For technical support (and part of the

⁹ The Nicaraguan forest industry was, at this time, characterised by rather obsolete equipment and from 1982 onwards – due to the North American economic blockade – also hampered by a severe lack of spare parts.

¹⁰ Fondo Internacional para la Reconstrucción.

implementation), the Nicaraguan institutions relied on the services from a consortium formed by two major Swedish forestry consultancy companies¹¹, who signed their contract directly with Nicaragua, approved and financed by Sida. On the side of the Swedish Government, the main responsibility rested with Sida-Stockholm, supported by a Programme Officer at the Swedish Embassy in Managua.¹²

2.3 Forestry Under the Gun

The operational problems stemming from this complicated set-up were, furthermore, soon worsened by the armed conflict with the US-backed *Contras* which steadily grew in magnitude and by 1985/86 had developed into a situation very close to a civil war. This resulted in severe consequences for the security situation in areas relevant for forestry development and also affected priorities on the Nicaraguan side.

In spite of these adverse conditions, the Forestry Programme still continued its activities and at the end of 1985 the very ambitious National Forestry Development Plan was finally presented, after four years of intense work. According to the Plan itself, it covers all major aspects of the sector for the coming 40 years; providing basic and detailed facts, different scenarios (with corresponding computer generated models) as well as proposals on how to lay the foundations for rational forestry development in Nicaragua.

However, the ongoing war with its increasingly severe effects on all levels of society did not find its way into this Plan, nor was the war situation and its implications for future forestry support dealt seriously with in the reviews, evaluations or internal memoranda that were written during this period. The National Forestry Development Plan was enthusiastically embraced by institutions such as IRENA and CORFOP but was never, in spite of initially great expectations, approved or endorsed by the Nicaraguan Government. While this fact obviously reflected concern by the Nicaraguan Government regarding the serious constraints for development confronting the country at this time¹³, it didn't seem to be given much importance or change the minds of the people responsible for the Swedish-Nicaraguan forestry development programme. Within a very short period of time, however, the war itself would put its mark on the Forestry Programme.

The period from 1986 to 1990 was an economically very difficult time for Nicaragua, characterised by hyperinflation (up to 33,000 per cent/year) and a general shortage of (essential) imported goods. Survival, not development, now became the overriding goal for the Nicaraguan Government. This was, of course, also reflected in the composition and modalities of the international assistance, with some mega-projects being either terminated or put on a hold and short-term production goals gaining the upper hand wherever possible.

This predilection for survival of course also affected the design and composition of the Swedish Forestry Programme. But surprisingly enough, the relevance of the overriding goal – national forestry development – was hardly questioned. In an important evaluation of the Programme undertaken during the autumn of 1985, support for forestry development was still seen as a highly relevant and profitable investment even in the short-term perspective. Sida-financed forestry activities so far were estimated to have been reasonably successful and, in spite of the very accurate head

¹¹ Swedforest Ltd and Interforest Ltd, the latter being a subsidiary of Jaako Pöyry Ltd of Finland.

¹² Initially, however, this Programme Officer had the responsibility for other activities as well and lacked previous experience from the forestry sector.

¹³ An interpretation confirmed during the author's interviews in 1999 with Nicaraguan Ministers and Government officials who had occupied key positions at that time.

title of the report¹⁴, the authors generally abstained from incorporating into the analysis the adverse conditions generated by the war and the probability of these conditions prevailing for a considerable time to come; these issues were left to others to deal with.

At one crucial point, however, the warlike situation *was* introduced in the analysis, namely in the chapter dealing with economic calculations and profitability. As shortage of foreign currency – caused by the war and the US economic embargo – constituted the most important bottleneck for national development, calculations on economic viability were in principle replaced by estimates of the degree to which forestry activities (by ways of import substitution and export earnings) to generate net flows of hard currency. According to these calculations, the net flow of foreign exchange from forest industry as a result of the Swedish support would be around USD 30 million by the year 1989, based on “fairly low estimates”. In a “disaster scenario” the same evaluation estimated the net financial flow to be at least USD 11 million.

Probably mainly due to the widespread sympathy towards the Sandinista revolution and the Nicaraguan Government’s efforts to resist foreign intervention, the evaluation generated very little discussion, and the few critical comments that were indeed voiced, were rapidly dismissed.¹⁵ In general terms, the evaluation was seen to corroborate – in a technical and therefore supposedly very heavy-weight fashion – that the sector and path chosen was correct. Swedish forestry assistance to Nicaragua could thus continue.

To a large extent based on the rationale stated in the evaluation (but also reflecting Nicaraguan preferences), the Swedish Forestry Programme now became rather heavily dominated by support to the existing forest industry in order to generate foreign currency and to substitute for imports. Whereas the objectives during 1982–86 must be said to have been very general, they now became more production oriented with a qualified short-term character.¹⁶ However, support to forest training (the establishment of INTECFOR etc.) was continued and a new pilot component with social forestry activities (the Farm Forestry Programme) was launched in 1987 in order to somewhat balance the concentration on industry and state forests.

Notwithstanding the heavy support for industrial production (including a substantial amount of new equipment and machinery and nine long-term advisors), the actual output never came even close to the planned targets. According to the agreed Plan of Operation, sawn timber should, for instance, have reached 30,000 cubic metres by the year 1987; in reality production only amounted to 12,000. Plywood production should by the same year also have reached 30,000 cubic metres but only 5,500 were actually produced. To improve the fuelwood situation a special component was initiated, and two state companies were created for this purpose. The target was to produce 25,000 cubic metres of fuelwood from plantations by 1989, whereas the real result was only 1,500. Finally, regarding the expected net flow of foreign currency – which, according to the 1985 evaluation, would have been some USD 30 to 11 million by the year 1989 – the actual financial outcome amounted to less than USD 2 million.

¹⁴ *Forestry Under the Gun: An evaluation of SIDA-supported forestry development in Nicaragua*, by Karlis Goppers (economist) and Carl-Henrik Kuylenstierna (forester). SIDA Evaluation Report, 1986:8.

¹⁵ This was the fate also of the well-argued critical conclusions regarding the prospects for the Forestry Programme presented in SIDA’s own Country Report on Nicaragua in December 1985, elaborated by a well-known Swedish development economist with earlier knowledge from Nicaragua and who, furthermore, was known to sympathize with the Sandinista Revolution.

¹⁶ Whereas the National Forestry Development Plan had emphasized the need for new industries – due to the fact that the existing ones generally had obsolete equipment and were geographically ill-located (far away from remaining forests and/or good roads and ports) – the Swedish Forestry Programme now concentrated precisely on the existing units (mainly saw-mills but also a plywood factory).

At the end of the 1980s it was thus (almost) clear that the industrial component of the Programme had been unsuccessful. With the victory of the conservative UNO coalition in the Nicaraguan elections of 1990 and the ensuing radical changes in the economic policy (including privatisation of state industries), the Swedish Forestry Programme once more changed its composition and orientation.

The initial long-term goals were now revived and institutional support to the forestry authorities (the National Forestry Service and the State Forest Administration¹⁷) as well as forestry training was emphasised. The social forestry project was expanded and the elaboration of a Tropical Forestry Action Plan (TFAP) was initiated, with Sida as the lead agency.

2.4 Unexpected Changes

In the spring of 1991 something unusual happened. In order to adapt the Swedish forestry support to the new circumstances and to ensure Nicaraguan participation in the design and content of the Programme, an extensive process had started in 1990 to elaborate a new three-year plan for the Programme. By March 1991 the proposal was presented to Sida and in April an Appraisal Mission was dispatched from Stockholm. The time schedule for realising the new three-year agreement was already set at Sida HQ, including preparations for the international competitive bidding procedure for the consultancy services included in the Programme Proposal.

However, this time the Appraisal Mission did not limit itself to recommendations regarding minor changes and improvements – it rejected the proposal entirely as being unrealistic and not sufficiently supported by the Nicaraguan authorities. True, these shortcomings were partially due to the transitional and rather chaotic situation that had prevailed in Nicaragua since 1990, but they also reflected a (continued) lack of realism among the Swedish advisors and insufficient communication between them and their Nicaraguan counterparts.

Within a short period of time, the Nicaraguan authorities requested that Sida cancel the contract with the Swedish consultancy consortium which had been involved in the Programme ever since the early 1980s. This demand was initially met with considerable surprise and resistance even within Sida, but after a rather intense in-house discussion it was decided to comply with Nicaraguan wishes.

The period that followed was indeed a difficult one and came to constitute a real challenge for Sida's Development Cooperation Office (DCO) in Managua as well as for Sida HQ. Now responsibility for planning and implementation was to be transferred to the Nicaraguan authorities, despite the very limited capacity that these institutions were known to possess.

With the support of an independent consultant (financed by Sida), IRENA now elaborated its own proposal for a one-year forestry plan. The proposal presented was rather shaky, but was undoubtedly Nicaraguan and was finally judged to have sufficient merits to serve as the basis for the elaboration of a Plan of Operation. Supported by Sida and independent consultants, IRENA itself initiated a limited bidding procedure on the Nordic market, evaluated the bids and finally even negotiated the contract with the selected consultancy company for the new one-year plan. In this plan the amount of long-term Nordic advisors was substantially reduced (from 11 to only 4), whereas the number of advisors from Latin America – recruited directly by IRENA – increased considerably.

¹⁷ Servicio Forestal Nacional (SFN), and Administración Forestal Estatal (Adforest).

Simultaneously, a special office for national coordination of the Programme was established at IRENA, staffed by Nicaraguans. From January 1, 1992, this office bore full responsibility for the financial management and control of the programme (which meant the handling of some SEK 20–25 million a year), as well as for planning and reporting.¹⁸

This rapid shift in responsibilities and ownership, from Sweden to Nicaragua and from consultants to Nicaraguan officials, meant hard and very strenuous work for all parties involved and sometimes also produced situations of severe tension: not only between Sida and IRENA but also within Sida itself. More important, however, was the experience gained and the increase in national institutional capacity achieved through this process.

In this respect, the re-organisation of the programme thus seemed to have been successful. But what could be said about its content and orientation? Nobody questioned the good intentions, but was the programme really based upon a broad and up-to-date analysis of the national situation? Or, in other words, was it realistic and relevant?

2.5 Evaluation and Re-thinking

Doubts regarding these fundamental questions were increasing and in the spring of 1992 it was therefore decided to undertake a comprehensive evaluation of the Swedish support to the Nicaraguan forestry sector during the period 1982–1992 and to simultaneously commission an analysis of the potentials of, and constraints on, forestry development. On the basis of these studies, Sida would then initiate a dialogue with Nicaraguan representatives in order to decide if and how the Swedish support to forestry sector development should be continued.

The evaluation was finally presented in December 1992 and its main findings can be summarised as follows:

Regarding achievements, the support to forest industry (absorbing some SEK 85 million) was judged to have left almost no tangible results, which also was stated to be the case with the non-industrial forest plantations (SEK 16 million). The elaboration of national forestry plans (the Master Plan of 1985 and the TFAP of 1992) were estimated to have been comparatively costly (SEK 12 million), but together with the support for training and establishment of forest authorities (some SEK 16 million) these projects had contributed to the construction of a national basis for future forestry development in Nicaragua.¹⁹

Regarding other aspects, the evaluation report emphasised the frequent lack of explicit and well-defined long-term objectives as well as operational targets. In addition, the objectives that were formulated had not been utilised in a policy dialogue with the partner country to assure sufficient interest and support, nor had they been used as tools for continuous monitoring and evaluation. The evaluators found no evidence at all on substantial discussions between the two Governments on policy issues. The programme as such was, furthermore, judged as having been the sum of repeated prolongations of short-term agreements, rather than truly to have represented a long-term perspective.

¹⁸ Due to the weakness of IRENA and its lack of internal coherence, this Office did not, however, succeed to establish a strategic coordination of the Programme and its components.

¹⁹ The Nicaraguan TFAP had an ambitious and cross-sectoral design and also incorporated inputs from a considerable number of local workshops. It was very well-received by a broad group of foreign donors at the presentation in November 1992 and was fully endorsed as national guidelines for forestry development in a separate Presidential Resolution. The core team responsible for the elaboration of this Plan, as well as the documentation already accumulated, were later to become the basis for the elaboration of the National Environmental Action Plan (NEAP), an undertaking supported by Sida, DANIDA and the World Bank.

The study on potentials of, and constraints on, sustainable forestry development in Nicaragua was presented in April 1993 and provided both an in-depth analysis of the main factors currently causing deforestation in Nicaragua and a recommendation to continue the Swedish support to forestry development, but only in well-defined strategic areas that were really prioritised by the Nicaraguan Government.

2.6 The Return to a Forest Sector Approach

By June 1993, both the evaluation and the study on potentials and constraints had been thoroughly discussed, at bilateral meetings and in a national seminar, with representatives from different sectors of the Nicaraguan society. Now followed an in-house discussion on the Swedish side which was envisaged as the last stage before the elaboration of some general guidelines for what was intended to become a new long-term programme in which forestry would be integrated as one of several components within the wider context of natural resources management. This would be combined with a long-term vision using an initial phase of 5 years and the Programme as such encompassing a period of 10–15 years.

Projects dealing with credits and extension services for small farmers, as well as an integrated rural development project for the arid zone were among the main activities analysed in this internal discussion. However, due to political changes in Sweden and continued turbulence and instability in Nicaragua, it was finally decided that the new programme should be limited to not more than three years and should cover activities within the forestry sector only. Furthermore, these three years should constitute the final phase of the Swedish support to the Nicaraguan forestry sector, which meant that, in principle, the programme should not include any new components.²⁰

The principal criteria as concerns which components should be included in the Programme were the following:

- (i) The component must be of strategic importance for the national development of the forestry sector and have been given priority by the national authorities;
- (ii) The component must have achieved reasonable results in the past;
- (iii) The component must concern areas where Sweden still was a strategic donor; and
- (iv) The component must have reasonable chances of success even during a period that most likely would continue to be characterised by political and economic difficulties in Nicaragua.

Based on these criteria, it was decided that the following ongoing components would be continued under the new agreement:

- (a) Support to the training of forestry technicians at the vocational school, INTECFOR²¹;
- (b) Institutional development and strengthening of the national forest authorities (SFN and Adfo-rest), particularly increasing their presence and activities on the forest-rich Atlantic Coast²²; and

²⁰ Reactions on the Nicaraguan side to this change of mind were, quite understandably, rather harsh but also characterized by a sense of surprise. They were, however, limited to the circle of directly involved "technical" ministries, municipalities and NGOs – no reaction was received from the Nicaraguan Government as such.

²¹ Now placed under the authority of INATEC, a national institution created to be in charge of all vocational schools in the country.

²² The only multi-ethnic regions in Nicaragua, characterized by indigenous communities, possessing relative autonomy with special rules (though not very well-defined) applying to natural resources.

- (c) Incentives (to farmers) for forestry plantations and management of existing productive forests (through a specific project under the Servicio Forestal Nacional called Fondosilva).

To these three main components one more was finally added: Support for higher education and research regarding productive use of renewable natural resources with relevance to the economic development of the country. This component constituted a new activity, should be prepared together with SAREC²³, and was the only part of the Programme that would be allowed to continue when the three-year period was over.

Thematically, the new programme thus could be said to concentrate on three areas:

- (1) Knowledge;
- (2) Institutions; and
- (3) Incentives for production.

The elaboration of a detailed three-year plan along these general guidelines was then (with the support of an external consultant) undertaken by the Nicaraguan institutions (MARENA and INATEC) responsible for the implementation. Once a version of the plan had been produced that Sida could approve, MARENA and INATEC also took responsibility for the procurement of, and negotiation with, the Nordic consultants who would serve as Technical Advisors during the period to come. The quality and efficiency that characterised these activities led by the Nicaraguan institutions constituted clear and encouraging evidence regarding the enhancement of domestic capacity and professionalism that had been achieved since 1991.

During the elaboration of the Programme document, several factors of a policy character with strategic importance for the implementation had been defined. Among these were two factors which were clearly beyond the control of MARENA and INATEC:

- The National Forestry Commission, which had been legally decreed in October 1993, had still not been properly installed nor had it begun to function;²⁴ and
- INATEC (the state institution responsible for all vocational schools in the country, and thus also for the forestry school, INTECFOR) still lacked a well-defined legal status.

After a dialogue with the Nicaraguan Government, Sweden now declared (in the spring of 1994) that if these deficiencies were not overcome, the new programme would run a serious risk of failure. That Nicaragua first should satisfy the demand for a change in these areas thus became an explicit Swedish condition for the signing of the new three-year agreement. The Nicaraguan Government stated that it fully agreed with the Swedish demands and promised that the necessary measures would have been taken before the end of September.

This promise was, however, not fulfilled but Sweden still maintained its position: if the conditions agreed upon with the Nicaraguan Government were not met, then the agreement to finance the already approved three-year plan could not be signed. (Nor could any additional funds be allocated to the old agreement.) Facing this situation, a very interesting process started within the Nicaraguan administration and by February 1995 the demands had finally been met and the new agreement could enter into force.

²³ Swedish Agency for Research Cooperation with Developing Countries.

²⁴ This Commission was intended to become a cross-sectoral institution (including several Ministries and other state institutions, as well as the private sector), crucial for the coordination and implementation of relevant policies, including incentives and dis-incentives.

2.7 Developments During the Last Phase

2.7.1 New Content under Old Names

The new agreement covered activities to be implemented up to December 31, 1997 and the total Swedish contribution amounted to SEK 60 million, of which SEK 8 million were reserved for the support to higher education and research.

The major share of the support – some SEK 40 million – was earmarked for activities to be undertaken by MARENA²⁵, particularly through the two state forest institutions, SFN and Adforest.

Viewed superficially, this three-year programme seemed to contain nothing substantially new (apart from the component related to higher education and research). For people without detailed knowledge about the programme and the national context, it seemed to constitute the logical continuation and completion of components which had constituted Swedish commitments for a long time already:

- (i) Support for the national forest institutions, as well as for a strategic unit also within MARENA whose task was to initiate and coordinate the implementation of the two major national plans related to natural resources management (TFAP and NEAP);
- (ii) Support to the country's only vocational school dedicated to forestry (INTECFOR).

A somewhat closer look at the programme and its goals reveals, however, that it did contain some real novelties and major challenges. For the first time in Nicaraguan post-revolutionary history, the state forest institutions were supposed to expand their presence to the country's Atlantic Coast, aimed at achieving concrete results regarding demarcation of forest lands (hitherto never carried out) in these Autonomous Regions, with the purpose of promoting community forestry within defined borders as well as opening up vast areas for productive forest management under concessionary agreements.

To concentrate resources to the Atlantic Coast made perfect sense – this region possessed the major part of the country's remaining forests, had generally been neglected by the Central Government all-through the 20th century and showed among the highest poverty rates in Nicaragua.²⁶ Activities to promote sustainable and productive forestry on the Atlantic Coast had been initiated in the early 1980s (with Swedish support, partially drawing on existing plans designed by FAO before the Sandinista Revolution) but had soon been abandoned due to the transformation of this region into a war zone.²⁷

²⁵ On January 1st, 1994, IRENA had been given full status as a Ministry, thus changing its name to MARENA – Ministerio del Ambiente y Recursos Naturales. This upgrading of IRENA was largely the result of donor suggestions (not least from the Swedish side), related to discussions with the Nicaraguan Government on the implementation of the Tropical Forestry Action Plan and the National Environmental Action Plan.

²⁶ From about 1640 and onwards the Atlantic Coast was under constant British influence and in 1687 was declared a protectorate under the name of "*the Kingdom of Mosquitia*". Thanks to this alliance, Britain could soon challenge Spain's monopoly on Latin America, whereas the local population was protected against Spanish colonisation. In 1894 the Atlantic Coast was seized by the Nicaraguan military and (with political support from the US) integrated as a Nicaraguan region. Real integration, however, advanced very slowly and at the time of the Sandinista Revolution in 1979 the Atlantic Coast was still a neglected region largely isolated from the rest of the country, more easily accessible from the Caribbean than from the capital Managua.

²⁷ The Sandinista Government's ethnocentric attitudes and determination to rapidly integrate the Atlantic Coast soon clashed with the radical demands from the rapidly growing indigenous movement (initially supported by the Sandinistas) and already in mid-1981 the political conflict escalated into armed struggle, with ensuing military occupation by the Nicaraguan Army of the Coast and US support for indigenous "freedom fighters". During the period 1982–85 the Atlantic Coast was a heavily militarised zone, with approximately 35,000 civilians living in refugee camps in Honduras and some other 10,000 being forcefully evacuated to "new settlements" in Nicaragua.

It also made sense considering the fact that Sida, since 1994, had been financing a programme for institutional support to the recently created Regional Assemblies and their administrations on the Atlantic Coast – through this programme, the regional authorities would achieve increased capacity to participate in negotiations and joint activities with central government institutions such as MARENA, SFN and Adforest. The need to respect the Autonomy Law for the Atlantic Coast was also expressed in the new agreement on forestry support between Sweden and Nicaragua; the agreement clearly stated that consent from the regional authorities was a pre-condition for the funding of any activities by the State Forest Administration (Adforest) undertaken on the Atlantic Coast.²⁸

However, to demarcate and legalise land holdings on the Atlantic Coast (without an existing legal framework agreed upon by the main actors) in order to initiate productive forestry activities meant, indeed, not just a continuation of what earlier had been called “institutional support for the state forest authorities” but to start a whole new process. And while initiating such a process made perfect sense, it was difficult to perceive how the desired results could possibly be achieved within the period of only the three years covered by the agreement.

Certain informed key individuals were, of course, aware of this situation but hoped that in the future new modalities and contexts would allow for a continuation of this component if it showed signs of success, even after the closing down of the Swedish-Nicaraguan Forestry Sector Programme as such. Yet other key individuals – like the decision-makers at Sida HQ in Stockholm – were probably not fully aware of the new content (and its implications) of this component. However, even the most well-informed field staff – within the Swedish Embassy as well as within MARENA – no doubt underestimated the magnitude and complexity of the tasks established for the Programme on the Atlantic Coast.²⁹

2.7.2 Changes in the Institutional Set-up

Coinciding with the process of finalising the new agreement, several institutional developments occurred on both sides which were to impact the implementation phase. On the Swedish side, the technical support capacity within Sida regarding forestry activities in Central America was reduced due to staff rotation, both at Headquarters in Stockholm and at the Embassy in Managua (where – for the first time in many years – the new Programme Officer had no experience from natural resources management, forestry or the Atlantic Coast). In order to alleviate the consequences of this situation, Sida recruited an External Support Team (or Monitoring Team, MT), which were to serve as technical advisors to Sida and the Embassy in relation to all components of the Forestry Programme.³⁰

²⁸ Whereas the indigenous movement's demands for autonomy for the Atlantic Coast were initially judged by the Sandinista Government to constitute sheer separatism backed by US imperialism, they later came to view autonomy as a vehicle to ending the war in this part of the country. During 1985, local autonomy commissions held consultations with the population regarding the design and content of the autonomy and in September 1987 the Autonomy Law was finally approved by the Nicaraguan Parliament. The Law concedes a considerable amount of territorial and ethnic-based autonomy to the two regions of the Atlantic Coast (North and South). Elections to the Regional Parliaments were first held in 1990, giving birth also to the Regional Governments. Due to internal conflicts and the fact that the Law (after almost 14 years) still has not been regulated, the process of providing this autonomy with a concrete and institutionalised content has been very cumbersome with only limited success so far.

²⁹ The author included.

³⁰ Somewhat later, the Monitoring Team was further reinforced with a senior forester specialised in sustainable logging techniques, in order to supervise developments on the Atlantic Coast, not least regarding companies operating under concessionary terms.

On the Nicaraguan side, a new Minister for MARENA was appointed at the end of 1994, with experience from business administration instead of the environment or natural resources.³¹ Furthermore, the new Minister obviously had clear instructions from top circles within the Government to initiate a far-reaching reduction and reorganisation of MARENA (which in terms of permanent staff constituted one of the largest scale Ministries). This in accordance with the general conditions established by the International Monetary Fund and the World Bank for credits to Nicaragua within the framework of a macro-economic structural adjustment programme.

In this context, consultants financed by World Bank funds for State Reform, elaborated a study on MARENA's current structure with concrete proposals for reorganisation. This study, whose conclusions generally (but incorrectly) were presented as *"the World Bank's opinion regarding MARENA"*, was undertaken with very little consultation with major donors supportive of MARENA and came to have a profound influence regarding the reorganisation of the Ministry.

During the first half of 1995, the new Minister decided to do away with the strategic unit within MARENA (supported by the newly agreed Forestry Programme) responsible for the coordination of the activities related to the Tropical Forestry Action Plan and the National Environmental Action Plan – it was no longer needed, in his opinion, and budget cuts had to be made. For the same reason the special Gender Office at MARENA was abolished, even though one key staff from that office was later (after reaction from the Swedish Embassy, referring to recent agreements on this issue) integrated into the Planning Department.³²

Furthermore, the rather close relationship between Swedish officials and key staff within certain units at MARENA was now (without being expressed or obvious to the Swedish side) perceived as an obstacle to the degree of freedom the new administration thought was needed for reorganisation. This generated major changes in the status and/or staffing of units crucial within the Forestry Programme (such as the unit responsible for financial administration and control of the Programme's resources³³ and the National Forest Administration) – generally without prior consultation with the donor and often without the donor being fully aware of the implications until very late in the process.

For many years, Swedish advisors had advocated that the National Forestry Services (SFN) be given an independent status in order to streamline the normative functions of the Ministry and to avoid that MARENA had to fulfill sometimes incompatible roles. This view seemed slowly to have gained support on the Nicaraguan side. During 1993, SFN gained legal status (under MARENA) through a National Forestry Decree and towards the end of 1994 most legal paper-work was in an advanced stage to pave the way for the elevation of SFN to an autonomous state institution.

Under the new administration, however, this tendency was soon reversed and at the beginning of 1996 the National Forestry Services (which constituted a crucial unit within the Swedish-Nicaraguan Forestry Programme both as a means regarding institutional strengthening and as a vehicle for implementation) had almost disappeared. Within MARENA, SFN had been reduced to an advisory unit at the central level with most of its earlier operational functions transferred to the General Forestry Department³⁴ and other units. The territorial network of foresters – crucial for the imple-

³¹ The former Minister, who had been in charge from the very start of the Chamorro Government in early 1990, was a well-known ecologist with no reputation for being an administrator.

³² This "integration" was short-lived, though, and the remaining gender specialist soon left her position, thus ending five years of intensive work on this theme.

³³ The unilateral (by MARENA) and gradual relaxation of rules applying for the function of this unit and the utilisation of Swedish resources, later lead to repeated external auditing exercises and considerable embarrassment when MARENA (under a new Minister) was forced to repay funds not properly spent.

³⁴ Dirección General Forestal, DGE.

mentation of planned activities on the Atlantic Coast – was no longer placed directly under SFN but under the Regional Directors, who partially had their own local agendas and also should comply with multiple demands from central level.

Cost-coverage of operations on the Atlantic Coast still came from Swedish funds, but SFN had to ask permission from Regional Directors to utilise foresters for the implementation. In other words, SFN as a key national forest body, targeted for Swedish support for institutional strengthening and development, no longer existed as a state forest institution. What did exist was SFN as a kind of project organisation, indirectly coordinating activities on the Atlantic Coast and guaranteeing the flow of Swedish funds.

This fundamental reorganisation led to several internal clashes within MARENA³⁵ but the real extent and implications of the changes undertaken were probably not fully understood by the Swedish Embassy, and the theme as such was never addressed by the Monitoring Team which rather concentrated on progress and problems on the Atlantic Coast. On some occasions, advisors and staff at MARENA sought to inform the Embassy but no policy dialogue between Sweden and Nicaragua was ever initiated on this crucial issue.

2.7.3 Developments in the Field

Whereas the Programme components related to forestry training and the pilot project for plantation incentives performed fairly well over the three-year period 1995–97, activities related to the Atlantic Coast (through SFN and Adforest) faced a much more complicated situation than originally realised, leading to far-reaching changes in project organisation and modalities for implementation.

When the Sida-funded support for MARENA's activities in the Atlantic Coast Regions was initiated in 1995, the general purpose was to strengthen the presence and capacity of the National Forestry Services (SFN) in the areas of forestry control and management extension and to support the State Forest Administration in its work with the demarcation and subsequent administration of what supposedly constituted state-owned forest lands in the Autonomous Regions on the Atlantic Coast. Since the process of defining state-owned lands also required the definition of land holdings corresponding to the indigenous communities, Adforest was also supported to work in this field as a facilitator, with resources provided by the Programme.

As the project proceeded, however, it gradually became clear that the demarcation of communal and state forest land was much more complex, difficult and potentially conflictive than originally foreseen and that there was no *a priori* or common acceptance on behalf of the main actors within the Autonomous Regions that the category of state-owned land even existed. As a consequence, demarcation and titling of the indigenous communal lands was soon given precedence within the Programme, which required quite a dramatic change for Adforest whose official mandate as a governmental agency was directly related to the management of state lands, with high and short-term expectations related to its capacity to achieve profitable concessionary arrangements for forest exploitation in order to become self-financing and generate a surplus for the national economy. This far-reaching change also implied the need for a closer cooperation between SFN (concentrating on extension activities for forest management, often at communal level) and Adforest, often resulting in a constructive team-work between these two branches of MARENA.

³⁵ These conflicts lead to the relocation of a few key personnel, and to the decision by the principal advisor to the SFN not to prolong his contract. Relocation of key staff continued during 1997, due to the change in Government after the general elections at the end of 1996 and a subsequent increase of party influence within the administration.

Thanks to the support given under this component, MARENA succeeded in maintaining its presence and in improving the quality of its services on the Atlantic Coast in times of a general reduction of the public administration in the country, a fact which was reflected not only by a certain degree of control regarding forest exploitation but also in an increasing interest on behalf of indigenous communities to develop own activities within sustainable forest management. Furthermore, a methodology for the monitoring of forest management was designed, validated and applied by MARENA in a few (but extensive) areas operated under different kinds of concessionary agreements.³⁶ Substantial progress was also made regarding the development of methodologies for the demarcation of communal lands but when the Swedish support for the Programme was phased out at the end of 1997, not one single hectare of either communal or state land had been completely legalised and titled.³⁷

This apparent lack of success partially depended on still unresolved issues within the Atlantic Coast and a somewhat ambiguous political attitude on behalf of the Regional Authorities which in sum meant a lack of real agreement regarding the main criteria for land demarcation. Even more important, though, was the lack of a clear position and a firm political will from the Central Government on this issue. This was reflected in the change of attitude towards the National Commission for Land Titling on the Atlantic Coast which, within a few months after its much publicized establishment (under the same government), soon was given very low priority and almost no resources to perform its tasks, thus never becoming functional.

2.8 Closing the Programme Down

2.8.1 Expectations for Continuation and Double Messages

Already in February 1995, when the three-year programme was initiated, the message had been conveyed to the Nicaraguan partners (MARENA and INATEC) that this would most probably constitute the final phase of the Swedish support to forestry development in Nicaragua. However, during the years to come many actors involved seemed to forget this deadline and when the Swedish position was reiterated during the annual consultations at the end of 1997, MARENA representatives felt deeply disappointed.³⁸

One basic reason for this reaction was, of course, the fact that Swedish support to the Nicaraguan forestry sector dated back to the early 1980s; it had become a constant factor and was taken for granted, constituting a reliable and continuous flow of external resources with key importance for MARENA's operational capacity. To envision a situation where this support no longer existed was in itself almost impossible.

But there were also other reasons behind this reaction, related to a certain kind of double messages from Sida's side which raised expectations of a continuation of the Swedish support beyond the year 1997. These double messages depended, in their turn, on Sida's internal organisation and the sometimes complicated relationship between Sida itself and the Swedish Ministry for Foreign Affairs.

³⁶ These agreements had been initiated before the Programme really got started on the Atlantic Coast and were not a direct result of its activities.

³⁷ One of the initial goals for Adforest's activities on the Atlantic Coast during the period 1995–97 had been “to demarcate and title 490,000 hectares of state forest land”.

³⁸ Regarding INATEC, the state institution responsible for the management of Swedish support for the vocational forestry school INTECFOR, no such reactions were discernible. Here, the message had been brought home long since, and already in 1995 INTECFOR had been elaborating financial and operational plans for “year 4” (year 1998) when there would be no Swedish support.

At the beginning of 1995, when Sida took the formal decision regarding the three-year programme, the internal preparatory document stated that one of the main criteria for the selection and design of the components included had been that it should be realistic to end the Swedish support at the conclusion of the agreement period. This position was reinforced in Sida's proposal at the end of 1995 to the Swedish Government (represented by the Ministry for Foreign Affairs) for the new strategy for cooperation with Nicaragua for the period 1996–98, which in a very clear-cut manner stated that Swedish support to the Nicaraguan forestry sector would be terminated by the end of 1997.

This proposal was, however, not approved by the Ministry who instead took the decision that (a) activities related to the strengthening of the democratic process in Nicaragua should be given special emphasis, and (b) that due to the political instability in the country (and the upcoming general elections at the end of 1996) no country strategy would be established for cooperation with Nicaragua until 1998.³⁹

This response was not only unusual in that it expressed a considerable degree of disappointment with Sida's proposal but coincidentally also implied that Sida's decision regarding the termination of the Swedish forestry support was not reflected in any official document approved at the highest level. Given the degree of autonomy conferred to Sida in development cooperation matters, this did of course not invalidate Sida's position regarding forestry support, but it meant that this decision on Swedish priorities was not expressed in any official Government document (the country strategy), which always was shared with the partner country and constituted an important point of reference for all high-level discussions during the period covered.

This absence of an explicit decision in an official Swedish Government document is unlikely to, in a direct way, have created expectations for continued support on the Nicaraguan side. In the author's opinion, the principal mechanism generating these expectations was rather indirect, i.e. via Sida itself. With no official reconfirmation by the Government regarding the earlier Sida decision to terminate the forestry support when the three-year agreement had expired, Sida's Department for Natural Resources felt less obliged to accept December 1997 as the definite deadline; a change in attitude which indirectly (and maybe even unconsciously) was transmitted by officials from this Department (and external consultants such as the Monitoring Team, who were recruited by the same Department) when in touch with MARENA representatives.

Sida's Department for Natural Resources (who had been the driving force behind the proposal in 1993 to transform the Forestry Programme into a programme for natural resources management which was finally rejected by Sida's top-level) had always been unhappy with the decision to establish a definite deadline for the Forestry Programme. This position had been reinforced by the opinions expressed by different external consultants, such as the main advisor and facilitator for the elaboration of the three-year programme, who in his final report expressed his concern regarding a definite termination within such a short period of time; particularly regarding the components related to SFN and Adforest. In his opinion, this support should be given a period of at least 5–6 years in order to have a fair chance of generating tangible results.

Against this background and strengthened by the fact that SFN's and Adforest's tasks on the Atlantic Coast soon showed to be much more complex and difficult than originally perceived, Sida's Department for Natural Resources in 1996 sought to convince the Regional Department for Latin America that at least the SFN-Adforest component of the Forestry Programme should be allowed

³⁹ Consequently, Sida was instructed to elaborate and deliver a new proposal during 1997.

to continue beyond 1997. In June the same year, MARENA furthermore presented a formal request for the prolongation of the Agreement (also including the component related to incentives for forest plantation, Fondosilva).

In its response to this request, Sida ruled out any prolongation regarding Fondosilva but opened the door to MARENA to present a strategy for its future activities on the Atlantic Coast, which then could constitute an input for the process (undertaken by Sida in consultation with the partner country) of elaborating the new country strategy for Swedish cooperation with Nicaragua.

As work on the country strategy progressed during 1997 it became clear, however, that the Swedish position from 1995 would not be changed, a message which was officially conveyed to MARENA during the annual consultations in November that same year. By that time, the new country strategy for Swedish cooperation with Nicaragua was in principle already approved by the Swedish Government, this time leaving no doubt as regards the definite character of the decision.

The programme-related reasons for this definite decision were as follows:

- (i) Low level of overall progress within the Forestry Programme during the last 3 years, specifically related to the SFN-Adforest component, plus problems regarding the financial control of programme funds within MARENA;
- (ii) MARENA's strategy for future operations on the Atlantic Coast did not reflect a sufficiently high degree of national priority given to this area;
- (iii) A continuation of the activities on the Atlantic Coast could not be expected to generate tangible results within a period of 1–2 years; a considerably longer commitment would be needed.

By the Swedish Government Sida had been instructed to give emphasis to new activities related to the alleviation of poverty, specifically in the rural areas, and at the same time reduce (or at least not increase) the number of sectors attended. In this context, the strategy presented by the Ministry of Agriculture on how to increase production among small farmers was seen as attractive and was clearly given high priority by the Nicaraguan Government. However, if Sweden were to start activities within the agricultural sector, where Sida currently was not involved, support to some other sector would have to be terminated. True, the SFN-Adforest component on the Atlantic Coast could have a strong impact on local economic development (and poverty rates on the Coast were apallingly high) but the process seemed very complicated and risky, without prospects of yielding any tangible results within the next few years. Against this background, terminating the Forestry Programme seemed to be a logical decision.

2.8.2 Modalities and Impact of the Termination

During the annual conversations between Sida, MARENA and INTECFOR in November 1997, the modalities of the termination of the Forestry Programme were thoroughly discussed and formalised with the signing of Agreed Minutes. All programme activities should be terminated during the month of December 1997, whereas the first quarter of 1998 would be utilised for (a) the elaboration of financial reports and inventory lists (in order to legalise the definite handing over to the Nicaraguan institutions of equipment acquired with Swedish programme funds), and (b) the organisation of evaluative workshops and the elaboration of a final progress report, summarising results achieved, problems encountered and lessons to be learned from the period 1995–97.

Furthermore, in order to comply with concluding and pending commitments within the component related to incentives for forestry plantation (Fondosilva) resources and responsibility would be transferred to the recently formed Ministry for Agriculture and Forestry (MAGFOR), whereas the

forestry school (Intecfor) was given a final “golden handshake” in the form of funds for new spare parts and equipment to upgrade the facilities.

With the exception of the delivery of acceptable financial reports from the components under MARENA and the transfer of responsibility for the last phase of Fondosilva to MAGFOR,⁴⁰ most other items agreed upon seem to have been achieved as planned.

For the forestry school, the termination of the Swedish support had no immediate impact but the consequences were easily observed at the time of the visit by the author at the end of 1999.⁴¹ For the Fondosilva component, the direct impact (due to deficient preparations and follow-up regarding the transfer of responsibilities from MARENA to MAGFOR) was demonstrated in the form of remarkable delays in complying with already committed payments to farmers and forest owners, as well as to forest technicians providing services to the project, which caused considerable problems for the people and families concerned. For MARENA, finally, the termination triggered the lay-off of a considerable number of employees and contractual workers, caused serious problems regarding their operational capacity and a drastic reduction of the presence of the national forest authorities on the Atlantic Coast.⁴²

2.9 Lasting Results & the Current Situation

Before discussing what lessons could be learned from the Swedish-Nicaraguan Forestry Programme, it may be convenient to first define what seems to constitute its lasting results and also to give a brief summary of the current situation regarding the Nicaraguan forestry sector, specifically concerning the legal and institutional framework.

2.9.1 Lasting Results

Concerning the support during the 1980s to the *national forest industry* and *non-industrial plantations* no lasting results can be observed, mainly due to the combined impact of war-time conditions (during the 1980s), the far-reaching economic changes initiated in 1990 (including the privatisation of state-owned companies) and wide-spread tenancy problems. Regarding *long-term planning* for sector development, three major plans have been elaborated,⁴³ providing valuable data and contextual analyses but so far with very limited direct impact on forestry development; a fact which reflects the low priority given to this sector by the Nicaraguan Government as well as by leading circles within the national business community.

The Farm Forestry Project, a pilot project with MARENA to develop methods for forestry extension among small producers in areas with and without productive forest, generated some interesting experience but was never incorporated by the national authorities as a regular line-of-action. Concerning the other pilot project, *Fondosilva*, which dealt with incentives for forest plantation and management of productive forests, the model developed has constituted an important input for other programmes financed by international assistance but the nation-wide project once hoped for never materialised due to low priority from the Nicaraguan Government.

⁴⁰ Both these commitments suffered considerable delays, and the transfer of responsibilities acquired under Fondosilva was not fulfilled until the end of 1999.

⁴¹ See further next section.

⁴² The latter impact, however, also depended on a new reorganisation of the country's Forest Authorities (see further next section).

⁴³ The National Master Plan (1985), the Tropical Forestry Action Plan (1992) and the National Environmental Action Plan (1994).

Regarding *institutional development* – defined as the establishment of national forest authorities with reasonable capacity, acting within the framework of a national forest policy, a modern forest legislation and cross-sectorial coordination – results have been remarkably meagre. The current situation is still characterised by a weak and deficient legal and institutional framework and sectorial isolation, resulting in a continuous lack of control regarding forest exploitation and a very limited contribution from the forestry sector as regards economic growth and employment.⁴⁴ The main causes of this rather discouraging performance as compared to the considerable investments made⁴⁵ are the lack of political and institutional stability or continuity and the absence of real high-level priority awarded to this area by three subsequent Nicaraguan governments.

Important and tangible results have, however, no doubt been achieved within the area of *human resources development*. The most visible result within this context is, of course, the vocational forestry school (Intecfor) which was born and established due to the Swedish support and from which several hundred forest technicians have graduated.⁴⁶ Apart from Intecfor, considerable professional knowledge has also been created through, for instance, the different national planning efforts, the pilot projects mentioned above, the efforts for institutional strengthening and the activities developed on the Atlantic Coast. Most analysts and observers agree that the current domestic knowledge and professional capacity regarding forestry and forestry development in Nicaragua to a high degree is the result of the continued Swedish support. However, even if many of the professionals trained during these years today occupy important positions within the public administration, the private sector (fewer) or as coordinators and consultants for projects financed by international assistance, this national competence is still underutilised.

2.9.2 The Current Situation ⁴⁷

Since the termination of the Swedish Forestry Programme at the end of 1997, some major changes have occurred regarding the principal state institutions involved with the forestry sector. Most of these adjustment formed part of the overall reorganisation of the country's public administration undertaken in September 1998.⁴⁸ In brief, this institutional reform has led to the following distribution of tasks and responsibilities:

- The Ministry for Natural Resources and the Environment (MARENA) is the main state authority regarding the elaboration of national policies and regulations within the fields of environmental protection and the sustainable use of natural resources;
- The Ministry for Agriculture and Forestry (MAGFOR) will have the overriding responsibility for policies and development plans concerning agriculture and forestry;
- In its activities concerning forestry, MAGFOR will be supported by the semi-autonomous National Forestry Institute (INAFOR) which basically takes over all responsibilities that earlier rested with MARENA and its National Forestry Services (SFN);

⁴⁴ See further next section.

⁴⁵ Apart from the very sizeable contributions made by Sida, also Nicaragua (through MARENA) has invested a considerable amount of resources from regular funds in this endeavour.

⁴⁶ Unfortunately no reliable and comprehensive study exists regarding to what extent the graduated technicians had found employment within the sector. However, a rather qualified guesstimate in the mid-90s indicated the figure to be around 50 per cent.

⁴⁷ The description and comments found in this section relate to the situation by the end of 1999. However, by the time of this writing (March, 2000) no major changes have been reported which merit any substantial adjustments of the text.

⁴⁸ Law No. 290, regarding the organisation, mandates and procedures of Government authorities.

- The Ministry for Industry and Commerce (MIFIC) will have the general responsibility for the administration and utilisation of all state-owned natural resources (including the elaboration of a proposal for new legislation on concessions);
- In its activities concerning state forest land, MIFIC will count on support from the State Forest Administration (Adforest) which has been transferred to MIFIC from MARENA, maintaining its earlier mandate regarding the demarcation and productive management (mainly via concessionary arrangements) of state forest land.

In principle, this division of responsibilities corresponds to suggestions long since proposed by Sida and Sida-financed advisors in discussions with the Nicaraguan counterparts (without claiming any causal relation in this respect). More importantly, it represents a more clear-cut (and non-contradictory) mandate for MARENA and could, potentially, put an end to the sectoral isolation of forestry matters.

However, so far no progress have been made regarding the National Forestry Commission once thought to play an important role for cross-sectoral coordination or the need for new and coherent forest legislation. The National Forestry Commission, which was reconfirmed in Law 290, has still not become operational and the Forest Law once more seems to be very remote – the proposal for a new Forest Law presented to Parliament in 1995 was never passed and is now considered by the recently created forest authorities to be inadequate in several ways, why a new proposal is said to be under elaboration.

Furthermore, the national policy and development strategy on forestry to be elaborated by MAGFOR has yet to be presented, an absence aggravated by the fact that knowledge and experience on forestry currently is a scant asset at INAFOR's top-level management. Complaints have also been voiced regarding the centralised system hitherto utilised by INAFOR for procedures related to forest exploitation permits, claiming that they favour businessmen (and middlemen) at the expense of local entrepreneurs and communities.

Another matter for serious concern is the fact that INAFOR does not receive any funds from the national budget but is directly and entirely financed by payments for exploitation permits and fines for unlawful felling of timber; a financing system which clearly runs the risk of becoming counter-productive with regard to promoting systems for sustainable forestry management.

Regarding the Atlantic Coast, no titling of state forest or community land has yet been undertaken and the process of local consultations on the Government's proposal for legislation regarding criteria and procedures for the titling – which was presented in October 1998 and was intended to last no more than six months – has still not been concluded. Earlier concessionary arrangements for forestry exploitation on the Atlantic Coast have been declared illegal by the Supreme Court and new legislation on concessions will be needed. No regulation of the Autonomy Law for the Atlantic Coast Regions has as yet been approved, which means a continued lack of definition regarding the exact mandates and responsibilities for the authorities involved at different levels.

On the whole, legal matters concerning forestry exploitation on the Atlantic Coast still remain largely unresolved whereas presence of the state forest authorities has been reduced. However, the actual volume and rhythm of forest exploitation have increased considerably during last few years, with or without legal permits, and both corruption and violent conflicts related to the Autonomous

Region's resources of precious wood have reached alarming levels.⁴⁹ No industrial development related to forestry has occurred and the lumber is still sold (locally or for export) as round-wood or sawn timber. National economic statistics still hardly mention forestry resources, and the current contribution of forestry to the national economy is probably about the same (if not less) than it was in 1978 when it was estimated to represent 1.5% of GDP and 2% of export income.⁵⁰

Concerning forestry education, finally, the country's only vocational school for the training of forestry technicians, Intecfor,⁵¹ which was built and equipped with funds from the Forestry Programme is still operating but the current situation is somewhat troublesome and prospects for the future uncertain. Due to budgetary constraints, maintenance of vehicles and equipment has been insufficient, generating negative consequences regarding the quality of the school's courses. The low level of teacher salaries has always constituted a problem but with the absence of extra funds from the Forestry Programme for study tours and further training, staff turnover has increased significantly, leading to the recruitment of very young and/or unexperienced teachers.⁵² The results have been a lack of continuity and the lowering of teaching standards.

Maybe even more serious is the school's lack of "concerned parents" and weak relationship to the forestry sector both as regards the private sector and the state forest institutions as well as the national universities. During the period in question, Intecfor first belonged to IRENA, was then transferred to the Ministry of Education only to later end up under INATEC, the country's institution for all vocational schools. This lack of continuity, of inclusion within the forestry sector and of strong national "parents" was to some extent counterbalanced by the presence of the Swedish Forestry Programme – but now this actor is gone and the school is left rather isolated in many crucial aspects.

Furthermore, all schools under INATEC are financed by a training tax paid by the country's major employers but lately this system has been questioned by proponents of privatisation. Without real links to, and a firm commitment from, the main actors within the forestry sector a continuation of the current situation or a proposal for privatisation could well lead to the gradual dismantling of Intecfor.

⁴⁹ During 1999, at least two people (who opposed illegal exploitation) were killed in the northern part of the Atlantic Coast, one of them a member of the Municipal Council of Puerto Cabezas. Lumber "businessmen" on the Atlantic Coast frequently have their own armed escort and local people now talk about "the Mahagonny Mafia".

⁵⁰ The current design of national statistics makes it somewhat difficult to give exact figures, but in 1999 income from "silviculture" was said to represent 0.25% of GDP, whereas a guesstimate regarding its proportion of the country's export income would be some 2%. (The degree to which actual forestry exploitation corresponds to what is officially reported and included in the statistics is not known.)

⁵¹ Situated close to the town of Estelí, some 140 kilometres north of the capital Managua.

⁵² At the time of the author's visit to the school in October 1999, only two of the 20 teachers trained by the Forestry Programme remained at Intecfor.

3. Lessons for the Future

The purpose of the following chapter is to contribute to the learning process within Sida and other organisations who manage international development assistance. No definite conclusions from the analytical description of the Forestry Programme are presented. Instead, the author seeks to elaborate on some principal themes defined as crucial for further discussion, aimed at inspiring operable conclusions for improvements. The first and major section deals with themes of relevance for development assistance in general, whereas the second section concentrates on a few themes which, to some extent, can be said to be specific for forestry assistance.

3.1 Lessons of Relevance for Development Cooperation in General

Under this heading, experience from the Swedish Forestry Programme in Nicaragua will be discussed along the following lines:

- Aspects of Involvement and Commitment
- Political Agendas and Quality Consciousness
- Mechanisms for Dialogue and Programme Steering
- Aid Dependency and Problems of Coordination
- The Continuity Problem
- The Difficult Art of Institutional Support

3.1.1 Aspects of Involvement and Commitment

This theme is mainly concerned with the degree of genuine commitment from the main actors but partially also touches upon the issue of who controlled and influenced the Programme. In current thinking on international development assistance, these issues are to a large extent covered by what today is known as “*the ownership agenda*”. Applying this rather novel concept retrospectively would, however, in this context imply disrespect for the reasoning and lines-of-thought predominant during the period analysed above and could impede understanding. This concept will therefore not be utilised in the following analysis.

(a) The Starting-up Phase of the Programme

Regarding this phase, the main questions can be formulated as follows:

- Was forestry development really defined as a national priority for Nicaragua before the starting-up of the Swedish forestry assistance?
- Who took the lead and/or the initiative in this context?, and
- How profound and stable was the commitment on both sides?

Contrary to what many professionals involved with the Forestry Programme at a somewhat later stage have thought⁵³, there seems to be no doubt at all regarding the high priority for the forest sector initially given by the Nicaraguan Government. Even before the Swedish Government announced that the total amount of development assistance for fiscal year 1980/81 reserved for Nicaragua would be increased to SEK 30 million, the Nicaraguan authority responsible for managing international assistance, FIR, had already made its choices – support for (continued) activities within the health sector and for forestry development were placed at the top of the list.

⁵³ The author initially included.

The Swedish Embassy in Managua was well aware of these priorities at the very beginning of 1980 and they were later reiterated, for instance, during an official meeting between representatives from FIR and the Swedish Government in Stockholm in March 1980. Regarding the support for forestry, the Nicaraguan representatives expressed the need both for rehabilitation and reconstruction of existing saw-mills as well as for activities aimed at forestry development in a broader sense. More specifically, the new Government's interest for forest development was closely linked to: (i) the commitment to integrate and develop the country's Atlantic Coast;⁵⁴ (ii) interest in environmental protection and flood control;⁵⁵ and (iii) the need to diversify the national base for the generation of export income.⁵⁶

This position was perfectly congruent with the establishment already in 1979, only a few months after the revolution, of a national institute for natural resources and the environment (IRENA) as well as a state corporation (CORFOP) for the coordinated management of the nationalised saw-mills. Moreover, forestry was one of the new economic resources mentioned in the highly ambitious first National Development Plan. The aim in this context was to combine the social revolution with a re-shaping and broadening of the basis for industrialisation and national economic development, and in this context a systematic and rational utilisation of renewable and non-renewable natural resources (forestry, fishery, agriculture and mining) was given a prominent role.

"We wanted to reform the predominant model for economic development which up to then had focussed exclusively on agriculture, exporting primary products only", says Jaime Wheelock, veteran member of the Sandinista Directorate and all-through the period 1979–90 one of the country's most influential ministers. And he continues:

"Our aim was to achieve real and diversified industrialisation, based on all of our natural resources. That's why we wanted development plans not only for agriculture but also for forestry, fishery and mining".⁵⁷

"At the very outset this was definitely one of our main goals: to re-shape the modalities of production and open up new productive areas in order to develop and transform our society. The social revolution was only the first step", remembers Sergio Ramírez, the country's Vice-President during all the ten years of Sandinista Government.⁵⁸

The strategy on how to reach this goal may have been utterly unrealistic – mainly through central planning, state-lead endeavours and large-scale projects – but this kind of thinking was still common in the developing world and was often supported by major donors. And, more importantly, these were undeniably the goals and priorities defined by the Nicaraguan Government. Or, in other words, a strong and genuine interest and priority was expressed on the Nicaraguan side regarding forestry development. Within this context, Swedish support for forestry development seemed reasonable and could, hopefully, make a difference.

True, this was the epoch of expansion for Sida-financed forestry assistance in many parts of the world and Swedish forest consultancy companies (who had been active in Nicaragua already before the Revolution) lost no time in approaching representatives both for the Nicaraguan Government and Sida. These facts do not, however, change the main argument: The decision to award forest

⁵⁴ Where forestry was thought to become one of the prime vehicles for social and economic development.

⁵⁵ This interest was partially a reaction against the often ruthless exploitation undertaken during the country's four decades of dictatorship.

⁵⁶ In 1978, exports were totally dominated by a few agricultural products, particularly coffee, cotton and meat.

⁵⁷ Interview by the author, Managua, October 1999.

⁵⁸ Interview by the author, Managua, October 1999.

development high priority was definitely Nicaraguan. So far, there existed a firm domestic commitment and an active will to become involved. The Nicaraguan side had also defined why forest development was desirable, implying domestic influence regarding the definition of the overriding goals.

(b) The Implementation Phases

During the period 1982–85 two major changes occurred in the overall context which came to have a profound impact on the Programme. Firstly, as the Forestry Programme grew rapidly in scope and volume, dependence on foreign technical experts increased significantly. Secondly, the armed conflict initiated by the US-backed *Contras* gradually grew in magnitude and by 1984/85 the general situation in the country resembled that of a civil war. This situation had severe consequences not only regarding the security situation in areas relevant for forestry development (which slowed field operations down and led to frequent destruction of vehicles and equipment) but also for the national economy; priorities and commitments on the Nicaraguan side for forestry development was now affected.⁵⁹ Survival, not development, gradually became the overriding goal of the Nicaraguan Government.

The combined result of these changes was, on the one hand, that the Programme became “technified”, with both Sida and the Nicaraguan counterparts heavily depending on Swedish forest consultancy companies and their experts. On the other hand, the Programme acquired a somewhat “free-floating” character, lacking a clear link to (or support from) the Nicaraguan Government. And as no continuous political dialogue between the two governments took place, Sida officials and Sida-financed forestry experts were left to discuss principled matters with their counterparts from the Nicaraguan forest authorities – consultations above the technical or forestry sector level on main issues (such as priorities and real availability of national resources) were not held.⁶⁰ The Forestry Programme, at first initiated and firmly supported by the Nicaraguan Government, had become orphan.⁶¹

One major indication of how the situation had changed came when the ambitious National Master Plan for forestry development was presented towards the end of 1985. The Plan was the result of several years of hard work and was supposed to constitute the blue-print for further investments within the forestry sector. It was enthusiastically supported by IRENA and CORFOP, but a year later it had still not been approved by the Nicaraguan Government. At about the same time, the governmental priority for IRENA as well as IRENA’s share of national budget allocations were significantly reduced.

“The Plan was presented in the midst of a severe national crisis, many large-scale projects had to be sacrificed and the public sector was reduced. To approve the Plan was simply not realistic at that moment in time”, says former minister Jaime Wheelock.

“At that time our initial priorities concerning the transformation of the economy had already been suspended by the war. We were in an emergency period, there were no resources available to start

⁵⁹ Even if never openly admitted, due to reasons related to the Nicaraguan political agenda (see further the section dealing with these aspects).

⁶⁰ The annual consultations between Swedish representatives and the Nicaraguan authority in charge of external cooperation (FIR) were of little help in this context, as all issues concerning already existing programmes were dealt with by the corresponding technical authorities (IRENA, CORFOP, etc) invited to these events and overriding policy or political dimensions of the sector support were generally not addressed.

⁶¹ In retrospect several key consultants admit that they were left in a kind of a vacuum (interviews by the author). This was, however, seldom expressed to Sida as the consultants were recruited by the Nicaraguan forest authorities (financed via Sida - funds). Moreover, complaints of such a nature could also affect company contracts.

implementing the Forestry Plan and hence it was never approved”, comments former Vice-President Sergio Ramírez and he adds:

”Maybe we should have discussed this with Sweden but we never did. And many projects showed difficult to change once they had got started. At the same time we really wanted to continue some of the planning efforts, we wanted to prepare ourselves for the future, when development, and not only defence and survival, would hopefully regain some space on the agenda”.

On the Swedish side few people seemed to be able to read the signs, however, and no in-house discussion took place. Following the acute economic crisis from 1985/86 onwards (with stunning rates of inflation and a severe foreign currency deficit), the Forestry Programme was simply reoriented towards short-term rehabilitation and modernisation of old saw-mills in order to supposedly generate export income and create a positive economic impact also through import-substitution regarding sawn timber.

This reorientation contrasted with the principal recommendations in the recently presented Master Plan⁶² and was undertaken at the request by the Nicaraguan forest authorities who were now under pressure to contribute to short-term survival. The adjustments made thus meant a high degree of receptiveness (or reactivity) on the Swedish side to changing Nicaraguan priorities. Considering the incompatibility with the Plan and the security problems created by the war it was, however, no doubt remarkable that these adjustments were never preceded by, nor gave birth to, any serious discussion on the Swedish side regarding the realism or cost-efficiency of the continued support.

True, the reorientation of the Programme was supported by the evaluation report from 1985/86 already quoted above⁶³ but this report was eminently technical, abstained from estimating the impact of continued war and contained no strategic thinking regarding forestry development. And with the exception for the support to forestry training, the reorientation of the Programme meant that the initial goals regarding long-term forestry development had been almost abandoned – a fact which seldom was openly admitted. In the author’s opinion, one important reason why these major changes never generated any real internal discussion on the Swedish side was the general Swedish political climate and the political agenda concerning support for Nicaragua.⁶⁴

At the beginning of 1990 the Sandinista Party unexpectedly lost the general elections and a new Government formed by the broad and heterogeneous anti-sandinista coalition UNO⁶⁵ was installed under Violeta Barrios de Chamorro as the country’s new President. Feelings within the new Administration regarding the Swedish development cooperation were, for political reasons, mixed. On the one hand, Sweden was identified with support for the Sandinista regime against which many of the UNO-parties had waged armed struggle, on the other hand Nicaragua needed a continuous inflow of external resources.

Concerning the Swedish Forestry Programme no one in the new Administration felt enthusiastic and at the Ministry for External Cooperation (MCE)⁶⁶ the initial inclination was that the Programme should be terminated as part of a major change in the overall composition and approach of the Swedish cooperation as such. However, as time for the annual conversations between Swe-

⁶² The Plan strongly emphasized the need for new industries due to the fact that the existing ones generally had obsolete equipment and were geographically ill-located (far away from remaining forests and/or good roads and ports).

⁶³ See section 2.3.

⁶⁴ See further the section below dealing with this theme.

⁶⁵ Unión Nacional Opositora.

⁶⁶ Ministerio de Cooperación Externa, created in 1990 as the successor to FIR.

den and Nicaragua came closer, the Nicaraguan position changed and no major adjustments were finally suggested. According to well-informed sources, the reason behind this shift was simple.

If Nicaragua would have presented demands for major changes in the development cooperation between the two countries, Sweden would probably have said “OK, that sounds interesting”, and at the same time would have requested concrete proposals from the Nicaraguan side for further processing. To elaborate these proposals would have required time and capacity and even if finally approved, it would take a considerable time before any new disbursements could have been made for new programmes. Faced with this situation, MCE opted to stay with most of the current programmes, thus assuring a continued and steady flow of resources, hoping to adjust the design of some of them in the near future.⁶⁷

When it came to the Forestry Programme, the fact that the new Government appointed a well-known naturalist as IRENA's new Minister⁶⁸ was interpreted as a clear signal regarding the concern for environmental protection and the sustainable use of natural resources. The new Minister also seemed to have a close relation to the President who often addressed environmental issues in her speeches. In practice, however, the degree of priority given by the Government to forestry sector development showed at best to be very modest.

The new Government wanted peace, reconciliation and development but soon faced severe challenges in the economic and political fields. Whereas the Sandinista Government's initial goals regarding economic transformation and development had soon been suspended by the war, the Chamorro Government's ambitions regarding socio-economic development were shortly overshadowed by the difficult tasks of achieving peace, initiating a nation-wide process of reconciliation, overcoming political polarisation and attitudes of revenge, laying the basis for a process of democratisation and, not least, achieve the transition to market economy and begin tackling the country's enormous foreign debt.

Severe political clashes continued for several years, as did the resurgence of armed groups. The broad UNO-coalition soon withered away and keeping the country afloat politically and economically and moving in a constructive direction required almost all of the Government's energy during more than half of its 6 year term. In the midst of these difficulties, the Forestry Programme to a large extent lived a life of its own, supported by IRENA and the Swedes, now and then given an official blessing from the Nicaraguan Government (in the form of a statement or decree supporting some major National Plan, for instance)⁶⁹ but the degree of real top-level commitment was always weak. Says Jaime Incer, Minister for the Environment and Natural Resources, 1990–94:

“We never achieved any major break-throughs. We produced ambitious plans but then nothing happened. Real interest within Government was always limited and within top-circles we had almost no allies. MARENA⁷⁰ was often seen as an obstacle because we wanted sustainable production, not just exploitation, and there was no room for long-term thinking. The Government always gave priority to other matters and the private sector was either bankrupt or wanted to continue along the same lines as before. Nobody wanted something new.”⁷¹

⁶⁷ Based on interviews by the author with key officials from and related to the MCE.

⁶⁸ Jaime Incer, originally a pharmacist by training, was famous for his books on Nicaraguan history, geography and natural resources.

⁶⁹ Such as the Tropical Forestry Action Plan in 1992 or the National Environmental Action Plan in 1994.

⁷⁰ In 1994, IRENA was elevated to the rank of a full-fledged Ministry and thus renamed.

⁷¹ Interview by the author, Managua, October 1999.

This view is basically in line with the retrospective reflections of another major figure in the Chamorro Government, former Minister of Economy (and later Presidential Advisor with interest in natural resources) Julio Cárdenas:

“The Forestry Programme did have support from our Government. But there were so many sectors and areas which were important and we never really succeeded to establish firm priorities for long-term development, there were always so many other urgent matters at the political level to resolve. We also felt that MARENA was more of a theoretical institution, not very down-to-earth. And besides, to promote real forestry development, we would have had to reshape legislation and several institutions in a consistent manner, a complicated theme which we never had the time to really analyse in order to decide how to pursue”.

“True, even if the environmental theme was important on our side, it never became clear how it could be of practical use in our concrete situation as it seemed to be of such a long-term character. But the Swedes always seemed to rank these issues very high, and yes, we didn’t want to lose any of the support from the donors.”⁷²

These assessments are finally reconfirmed and even reinforced by Antonio Lacayo, the country’s Prime Minister during the full period of Violeta Chamorro’s Government (1990–96):

“Almost all of our energy was absorbed by the need for reconciliation and to achieve macro-economic balance, there were many interesting programmes which never got the support we originally had intended. The Forestry Programme was very long-term while the different crises we lived through always meant that short-term needs had to be addressed first. We never resolved this conflict. And some of the issues involved, like defining tenancy for forestry lands, was politically very sensitive.”

“Myself I have always been fascinated by trees, forests and Nature. But I have to admit that I have never understood how you have succeeded in Sweden and other countries to make forestry sustainable and such an important sector. Motivation on our side was lower than on the Swedish side, no doubt about that. But we thought that the Swedes sure know what they are doing, they must have a good analysis, they are trying to introduce something new in our culture and with the combined effort from Swedish technicians and our own institutions it may finally become successful.”⁷³

(c) Closing the Programme Down

After general elections at the end of 1996 a new government under President Arnoldo Alemán was installed in 1997. By then, only a year was left before the agreement regarding the Forestry Programme would expire. Even if the new Minister at MARENA tried to convince Sida about the need for a prolongation, this effort failed due to the lack of priority and firm interest shown by the new Government. This assessment was finally reconfirmed towards the end of 1997 when Sida officially announced that the Programme would be closed down – no objections were ever presented by the Nicaraguan Government.

3.1.2 Political Agendas and Quality Consciousness

This section deals with the overriding Swedish and Nicaraguan political agendas linked to the development cooperation between the two countries and the influence of these agendas as well as the general political climate in each country on major decisions and on the interpretation of events.

⁷² Interview by the author, Managua, October 1999.

⁷³ Interview by the author, Managua, October 1999.

(a) Political Motivation on the Swedish Side

In 1976 a non-socialist Government was elected in Sweden, thus terminating 30 years of uninterrupted rule by the Social Democrats. The six years that followed until the Social Democrats succeeded to return to power in 1982 were characterised by substantial political changes – but within the field of foreign policy the non-socialist Government basically maintained the positions established by its Social Democratic predecessors, positions which had become internationally renowned through the commitment of, among others, the late Olof Palme.⁷⁴ Two major Swedish commitments in this context were support for developing countries in their efforts to overcome poverty and repression, and the defence for the right of small nations to pursue their own, non-aligned and independent policies in a world of cold war and super-power domination.

When the Sandinista-lead liberation struggle in July 1979 finally had succeeded in ousting the dictator Anastasio Somoza it was therefore only natural, also for the contemporary non-socialist Swedish Government, to establish contacts with the new Nicaraguan coalition government and to offer development assistance. Not even when the new US Government under President Reagan in 1981 began to fund the armed sabotage raids organised by former Somoza-commanders against the Sandinista Government did the non-socialist Swedish Government hesitate in its support for Nicaragua. Increasing Swedish development cooperation became a way of protesting against US interference and aggression.

“Swedish development cooperation forms part of our foreign policy. This may not always be obvious but in the case of Nicaragua our development cooperation was no doubt initiated and soon increased due to foreign policy reasons”, states Anders Forsse, Director-General of Sida 1979–85. And he continues:

“Until 1979 Sida had never been active in Latin America, we didn’t know the cultures or the languages of this continent and were fully occupied with carrying through our commitments in Africa and Asia. Now we were instructed by the Government to initiate operations in Nicaragua and as in the case of Vietnam⁷⁵ the reasons behind the rapid expansion that soon followed were to manifest Swedish solidarity and our defence of the rights of small and sovereign nations.”⁷⁶

Perhaps even more importantly, this was not just a political agenda or the position of the Government – sympathy for the Nicaraguan struggle was shared by most political parties and enjoyed broad support from the NGO community (who soon initiated their own solidarity campaigns and development activities in Nicaragua) as well as by Swedish public opinion. The decision by Parliament in 1982 to give Nicaragua the status of programme country for Swedish development assistance⁷⁷ was consequently entirely uncontroversial and sparked no discussion.

With the escalation of US interference from 1982 and onwards,⁷⁸ the Swedish political commitment towards Nicaragua was reconfirmed and deepened and as the conflict soon generated an impact all over Central America,⁷⁹ Sweden actively sought to promote different initiatives towards negotiation and peace and also expanded the volume of its humanitarian and development assist-

⁷⁴ Prime Minister 1969–76 and 1982–86.

⁷⁵ Swedish development assistance for Vietnam, then highly controversial, was announced in 1969/70, following official Swedish censorship of the US warfare.

⁷⁶ Interview by the author, Stockholm, September 1999.

⁷⁷ Defining Nicaragua as one of Sweden’s main partner countries, with a financial framework for development assistance defined in advance for a period of three years (thus permitting better planning on both sides).

⁷⁸ Including the mining of Nicaraguan territory and ports by CIA-supported groups as well as an economic and financial blockade at the international level.

⁷⁹ Not least regarding refugees.

ance to the region. Due to the aggressive US policy, support for Nicaragua from other Western powers tended to diminish, thus enhancing the role of Nicaragua's allies within the Communist bloc.

This situation, which to some extent resembled that of Cuba in the early 1960s, gave a new dimension to the Swedish commitment, at least as perceived by the Social Democrats who now were back in power. Maintaining Swedish diplomatic support and a considerable volume of development assistance was important both as a contribution to Nicaragua in times of unlawful external aggression and to avoid the country being lost to the Communist bloc – which would perpetuate the conflict in the region (implying large-scale suffering on behalf of the common people), create another potentially dangerous focal point for East-West tensions and constitute a severe blow for the democratic cause in the Third World. From now on, the need for free and fair general elections and democratic development became themes frequently addressed by Sweden at top-level conversations with Nicaragua; themes also given crucial importance in the main speech delivered by Prime Minister Olof Palme during his visit to Nicaragua in 1984.⁸⁰

Sweden thus genuinely wanted to support Nicaragua, but the Swedish Government also “needed” a considerable volume of smoothly flowing development assistance in order to be accepted as a reliable friend and perhaps gain the chance of influencing domestic political choices. For several years this fact most likely reduced any possible interest within the Swedish Government for a detached analysis of the priorities, realism and results within development cooperation – the political dialogue at top-levels was reserved for other themes. And as the Government's policy reflected the broad support within the Swedish public opinion for the Nicaraguan cause, there was simply no need or demand for such assessments at all.⁸¹

This general attitude was then conveyed to the “technical level”, i.e. to Sida, where the lack of a detached or critical attitude was even more predominant, partly due to the composition of the institution's staff. In the first half of the 1970s Sida was a rapidly growing organisation; the dramatic increases in Swedish development assistance world-wide were accompanied by a very substantial increase in personnel. The newly recruited officials often were of about the same age and with a similar ideological orientation, typically characterised by a strong interest in Third World development and a deep sympathy for the plight of poor people in these countries.⁸²

The Nicaraguan Government was one of the very few Third World Governments which was clearly committed to social justice and economic development and thus inspired hope (at home as well as abroad) – but due to US aggression they now had to fight for survival. What was then more natural than to give full support? Moreover, regarding the prevailing philosophy for development assistance the general thinking of the time was still very much influenced by the principle of “*aid on the terms of the recipient*”. And as the Nicaraguan Government had clearly indicated its top priorities and still requested forestry assistance – wasn't that enough? Who were we to question these decisions, didn't we trust that they themselves knew what was best for their own country?⁸³

⁸⁰ Published in full by the official Nicaraguan newspaper *Barricada*.

⁸¹ Moreover, Swedish economy was still prosperous, budget-cuts were as yet unheard of and the demand for development cooperation projects to show concrete and tangible results was, generally speaking, still rather limited.

⁸² Ole Elgström in Hydén/Mukandala: *Agencies in Foreign Aid: Comparing China, Sweden and the United States in Tanzania* (1999), pages 129–130).

⁸³ Interviews by the author with (then) key staff and officials at Sida and the Foreign Office. Regarding Nicaragua's macro-economic situation (which was reaching crisis' proportions) this uncritical attitude on the Swedish side started to change towards the end of the 1980s and Sida-funds were soon utilised to finance independent economic advisors for the Nicaraguan Government and later in support of the country's own economic adjustment programme. This change in attitude did, however, not spread to perception regarding the ongoing Swedish main programmes in Nicaragua (within forestry and mining).

In short, the general context on the Swedish side hardly favoured thinking concerned with realism, quality and cost-effectiveness, at least not when it came to a country which was fighting for survival and for which there was a high degree of political support and sympathy. This situation also affected the attitude and reports of the Swedish technical consultants who were generally considered to consist of a group of strict professionals always requiring hard facts. This is only all too visible when reading today different kinds of Swedish internal reports from the period in question – the degree to which intentions are taken for reality and even severe delays and lack of results are accepted and understood in a positive mood is just astonishing.⁸⁴

With the termination of the Cold War and the achievement of peace in Nicaragua, the initial Swedish foreign policy reasons for development assistance to Nicaragua rapidly lost their earlier weight. Combined with increasing domestic demands for cost-effectiveness within Swedish development assistance, cooperation with Nicaragua was soon to be analysed in a more detached and professional manner, within a couple of years leading to substantial changes in composition and volume.

(b) Political Motivation on the Nicaraguan Side

For the Nicaraguan Government, Sweden became an increasingly important ally as US aggression and international political polarisation escalated. Together with a few other Western countries, Sweden constituted an important and prestigious bridging force. However, there were also clear ideological reservations on behalf of the Sandinista Directorate towards Sweden. On the one hand, Sweden and particularly Olof Palme, enjoyed respect and confidence and played an important role for international solidarity. On the other hand, however, Sweden was firmly embedded in the world capitalist system and could not be fully trusted.⁸⁵

This ambiguous attitude implied, for instance, that the comprehensive picture and full scope of domestic considerations regarding certain priorities or decisions concerning Swedish development projects could not be shared with the Swedish representatives. One point in case were the domestic arguments of a political and military nature in favour of continuing activities within the forestry also in areas with serious security problems from 1983 and onwards.

During official conversations with Sweden on the Forestry Programme, the Nicaraguan authorities admitted that security problems constituted a complication but almost always downplayed their magnitude and suggested that activities should continue. This attitude was generally maintained also regarding areas where activities often became difficult to implement according to the Plan of Operations or where installations or vehicles were destroyed due to armed attacks. Swedish staff were sometimes withdrawn or instructed not to work in certain areas,⁸⁶ but the very same areas were still included in the Sida-funded Programme.

One of the main reasons for this attitude was, of course, not to openly admit that whole areas had become almost constantly unsafe and thus were not effectively controlled by the Government. To exclude certain areas from the Programme would have been to abandon them – thereby contributing to internal demoralisation and reconfirming the veracity of “the enemy propaganda”. Moreover, the presence of activities financed by the Swedish Forestry Programme was a clear evidence of

⁸⁴ It should be stressed that this was no longer a general feature of Sida reports of those times. Regarding recipient countries whose governments were seen as corrupt and repressive, reports were rather often openly critical and called for action.

⁸⁵ The political thinking of most top-level Sandinista leaders were in reality much more of an orthodox socialist strain than officially admitted. (Interview by the author with former Vice-President Sergio Ramírez, Managua, October 1999.)

⁸⁶ The modalities for these temporary withdrawals were established in a confidential protocol to the General Agreement on Swedish Development Cooperation with Nicaragua signed towards the end of 1982.

external support for the Sandinista Government (with an important psychological impact on allies and enemies) and could also reduce local support for *the Contras* (which was wide-spread in many rural areas) due to employment generation and the flow of consumer goods. In certain cases, the presence by IRENA and CORFOP could also give logistical support (in terms of vehicles and other relevant equipment) to military movements and reconnaissance activities.

At the official level, the country's security problems were under control and the Forestry Programme was given continued priority in order to make an important contribution for forestry development. In the real world, however, the decisions and requests regarding the Forestry Programme were often heavily influenced by considerations of another nature. Even if Swedish representatives now and then seem to have conjectured the existence of some of these considerations, they did not seem to grasp the magnitude and importance of these factors for the Nicaraguan decision-making process.⁸⁷

With the change of Government in 1990 and the achievement of peace soon afterwards, the earlier Nicaraguan political motivation for receiving Swedish development assistance lost its importance. What was left could best be described as the political interest to maintain good relations with as many donors as possible, in order to assure a continued flow of external resources in the midst of severe macro-economic problems.⁸⁸

3.1.3 Mechanisms for Dialogue and Programme Steering

This section elaborates on the weaknesses regarding mechanisms for policy dialogue between Sweden and Nicaragua as well as for programme steering, seeking to identify the major reasons for the deficiencies in these fields. A brief analyses regarding the changing role of the technical consultants is also included. Most of the aspects dealt with here refer to what today is known as the "ownership agenda".

(a) *The Policy Dialogue that Never Happened*

As related earlier,⁸⁹ one of the major remarks in the report from the external evaluation of the Forestry Programme (covering the period 1982–92) concerned the lack of policy dialogue between Sweden and Nicaragua. In fact, the evaluators found no evidence at all on high-level discussions between the two Governments on policy issues, nor had the agreed programme objectives been utilised as a reason or tool for such a dialogue in order to assure sufficient support on the Nicaraguan side. The consequences were estimated to have been clearly negative:

"The establishment of a high-level dialogue is particularly important when operating in sectors like forestry, which always has wide-ranging implications for other sectors, including rural development and environmental conservation. The need for a dialogue is even more important when efforts are made to make both the Government and the population change deep-rooted attitudes. (...) The absence of a high-level dialogue has been damaging to the overall impact of the Programme. (...) ...considerably more could have been achieved if the dialogue had been conducted at a higher level".⁹⁰

The reasons for this seemingly remarkable lack of top-level dialogue on a major development assistance programme were many. *Firstly*, for Sweden to engage in this kind of policy dialogue with

⁸⁷ Another possible but in the author's opinion less likely interpretation is, of course, that they did grasp the magnitude of these factors – but that the Swedish political agenda and general climate was considered to be of overriding importance.

⁸⁸ Some aspects of this political motivation will be further dealt with under the section below on aid dependency.

⁸⁹ See section 2.5.

⁹⁰ Indufor/SPM: *Evaluation of the Swedish Support to the Forestry Sector in Nicaragua, 1982–1992* (February 1993, pages 45, 4 and 53)

partner countries was, at least during the first part of the period, not at all common. Generally speaking, even if the principle of “*aid on the terms of the recipient*” (which basically meant unconditional aid, according to requests from trusted Third World Governments) was questioned and gradually abandoned by the end of the 1970s, the impact of the new paradigm (“*concerned participation*”) took some time to develop.⁹¹

Secondly, this general attitude was reinforced by the Swedish perception, at least initially, of Nicaragua as a less poor and rather advanced developing country, possessing a well-defined development strategy and considerable domestic capacity for project preparation and implementation. For several years, the major part of Swedish support was provided either as import support, or through consultancy funds. General priorities for the distribution of the financial resources were agreed upon between the two Governments, whereafter the funds were put at the disposal of the Nicaraguan Government, who – with the help of foreign consultants – undertook procurement and implementation responsibility.

Thirdly, at the beginning of the 1980s knowledge within the Swedish Foreign Office regarding Central America was extremely scarce and the Ministry was furthermore not organised in a country or geographically based desk-system, which meant that accumulation of knowledge and experience within the Ministry, even when relations with Nicaragua had become intense, was a very slow process.

In practice, most bilateral discussions between the two countries were on the Swedish side delegated to Sida where prior knowledge concerning Nicaragua also was lacking⁹² and where the internal structure tended to give the discussions a rather “technified” character, generally not addressing fundamental policy issues. The reasons for this “technification” were many:

- (a) During the 1980s, the technical departments within Sida (forestry and agriculture, energy, health, etc) generally had a considerably stronger position than the department/s dealing with countries or regions. Furthermore, a full-fledged Development Cooperation Office (DCO) within the Swedish Embassy in Nicaragua was not established until well after the mid-80s – the two main programmes (forestry and mining) were looked after by officers directly linked to their home (technical) departments at Sida in Stockholm, without any strategic coordination at the Embassy. During most of the 1980s the Forestry Programme in Nicaragua was basically managed and influenced by the Forestry & Agriculture Department in Stockholm (via its official at the DCO) and not by the desk officer for Nicaragua within the Country (or Area) Department, the Swedish Ambassador in Nicaragua or the Head of the DCO;⁹³
- (b) Whereas annual and three-year financial frameworks for major partner countries had been already established during the 1970s, comprehensive country programmes were not introduced within Sida until the last few years of the 1980s. During almost all of the 1980s, therefore, decisions regarding the composition of the Swedish support was often taken on a case-by case basis and in a sectoral manner. This further reinforced the dominance by Sida’s technical departments.

⁹¹ This term, initially coined by a Minister in the Tanzanian Government during discussions between the two Governments, referred to the need for a deeper and more active involvement from the Swedish side – more than financial resources was now asked for. [See: Edgren, G. in *Swedish Development Aid in Perspective* (1986) and Elgström, O. in *Agencies in Foreign Aid* (1999).]

⁹² As development cooperation was initiated with Nicaragua (and no expertise was available within the Foreign Office either) it became an urgent task for Sida to acquire the relevant knowledge; a task which was reasonably well achieved within a short period of time.

⁹³ Interviews by the author with officials holding key posts within Sida and at the Embassy/DCO during the 1980s.

(c) Within Sida's Department for Forestry & Agriculture technical expertise and knowledge concerning Nicaragua were also very limited for a considerable period of time,⁹⁴ a fact which further reinforced the role of the Swedish forest consultancy companies who already had been given a special position due to the modalities of Swedish assistance to Nicaragua. The staff of these companies – who were employed by the Nicaraguan forest authorities, financed and approved by Sida – for obvious reasons concentrated on technical matters and seldom raised fundamental policy issues.⁹⁵

In sum, all these factors tended to “technify” most issues regarding the Forestry Programme and to reduce the capacity both to identify and to address strategic themes dealing with policy and priorities. And whereas the Swedish delegation to the annual consultations with Nicaragua depended heavily on Sida's technical department, the Nicaraguan agency for external cooperation (FIR) always relied on the national technical expertise within the forestry sector (IRENA, CORFOP etc). In addition, both sides to a large extent depended on the information and analysis delivered by the technical consultants recruited by Swedish forest consultancy companies, put at the disposal of the Nicaraguan authorities but also consulted by Sida. The circle was thus completed. No appropriate forum was available for the discussion of possible overriding contextual or policy issues related to the Forestry Programme.

The Forestry Programme, which had been initiated with a clear high-level commitment on the Nicaraguan side, thus soon became an orphan as concerns policy issues and high-level political support, detached from its original long-term goals and in practice supported only by the same domestic forest authorities which gained increased strength from the Programme and by the corresponding technical department within Sida. True, the adjustments made in 1985/86 were undertaken at the request of higher Nicaraguan authorities but this request should not be mistaken for continued political commitment at top-level. By then the Programme was rather seen as a means of generating export income in a desperate economic situation through an already established mechanism for resource transfer.

The situation described above basically continued all-through the 1980s, but the unwillingness of Sweden and Sida (in spite of enhanced internal knowledge and the accumulation of considerable experience) to approach the appropriate levels at the Nicaraguan side to address fundamental policy issues was the general rule also during the concluding period of the Forestry Programme 1990-97. The lack of reaction on the Swedish side to the fundamental institutional changes undertaken within MARENA during 1995/96⁹⁶ only reconfirmed this attitude, regardless of its underlying causes (which most likely were of a secondary and no longer of a principled or political character).

The decision by Sweden in 1997 to finally terminate the programme can, however, in this context be seen as a healthy reorientation. This time the request for prolongation submitted by MARENA was not considered adequate for further Swedish support as the Nicaraguan Government never expressed any firm commitment regarding forestry development or special priority for the sector.

⁹⁴ Until 1987/88 even the official managing the Forestry Programme at the Swedish Embassy/DCO in Managua, who basically reported Sida's Department for Forestry & Agriculture, lacked professional forestry experience.

⁹⁵ One notable exception, though, occurred in 1986 when the Head of the Swedish forestry consultants in Nicaragua (Mr. Jerker Thunberg) via the Swedish Ambassador requested a meeting with the Nicaraguan Minister for Agriculture and Agrarian Reform (Mr. Jaime Wheelock) to discuss the National Master Plan. The main reason was the feeling on the consultants' side that Nicaraguan support for this Plan now was very limited – an impression reconfirmed during the meeting (Interview by the author with Jerker Thunberg, Stockholm, October, 1999.)

⁹⁶ See section 2.7.2.

(b) The Role of Technical Consultants

As already mentioned above, Swedish forest consultancy companies⁹⁷ were involved from the very start of Sida-funded forestry activities in Nicaragua and soon came to occupy a crucial role concerning planning and implementation of the Forestry Programme. Their importance reflected the rather rudimentary character of forestry knowledge and forest industry in contemporary Nicaragua and the limited technical capacity at Sida.⁹⁸ Their increasing weight during the 1980s was also due to the considerable number of foreign (mainly Swedish) experts recruited by these consultancy companies who came to live in Nicaragua or arrived for short-term assignments. During the period 1982–92, more than 40 long-term experts (staying for one or several years) and almost the same number of short-term experts had been employed by the Programme.⁹⁹

All former key staff as well as consultants interviewed by the author for this study agree on the description given above concerning the weight of foreign technical consultants. Government officials on both sides moreover state that the technical consultants also (during certain periods and to varying degrees) came to constitute the real management of the Forestry Programme. Key staff on the consultant side, however, maintain that they were often left in a kind of vacuum, institutionally and politically speaking – on the Swedish side the development dialogue was never undertaken at a Government-to-Government level (it was delegated to Sida and FIR) and as the consultants were employed by the Nicaraguan forest authorities they had to trust that the Heads of IRENA, CORFOP etc made their way to the very top of the Nicaraguan Administration and got the necessary political support.

“Sweden and Nicaragua wanted us to find technical ways and solutions to promote forestry development and that was indeed our speciality. But we also needed a firm commitment regarding policy issues and resource allocation and regarding these aspects we had very little leverage or possibilities to influence developments, also when we felt that there probably was a lack of domestic political top-level support for the Programme. The fact that we were experts from commercial companies recruited as advisors to the Nicaraguan Government, meant that in reality the space for critical assessment on our part was limited”, says Jerker Thunberg, forestry advisor and Head of the Swedish consultancy consortium in Nicaragua during several years in the 1980s.¹⁰⁰

The role of the Swedish technical consultants became particularly conspicuous during the period 1986–91 when the consortium on the one hand should provide advisory services and technical support for the Nicaraguan authorities, and at the same time was given the responsibility to manage all funds disbursed from Sida and undertake procurement. This hybrid kind of assignment – supported by Sida for reasons of personnel shortage, administrative expediency and financial accountability – created considerable confusion regarding the roles and mandates of the parties involved.

For the Nicaraguans, the distinction between Sida and the Swedish forestry advisors now became definitely blurred and the Swedish head of the consultants was generally seen as Sida’s representative or at least the legitimate interpreter of Sida’s will and opinions. At Sida, the consultants were

⁹⁷ Swedforest Ltd and Interforest Ltd, the latter being a subsidiary of Jaako Pöyry Ltd of Finland. For the assignment in Nicaragua these two companies soon formed a special consortium.

⁹⁸ This limited capacity also led to a blurring of roles when forestry consultants linked to the same consortium operating in Nicaragua now and then were utilised as internal Sida advisors.

⁹⁹ This also implied that the return-flow of Sida-funds was considerable; still at the beginning of the 1990s well over 40% of the total annual budget was utilised for long- and short-term foreign experts recruited by the Swedish forest consultancy companies. (For estimations on the total return-flow, the significant quantities of Swedish forestry equipment purchased by the Programme should also be included. Reliable figures on this aspect seem hard to find.)

¹⁰⁰ Interview by the author, Stockholm, October 1999.

expected to oversee that Nicaraguan requests were expressed in a way that was compatible with Swedish criteria and that they were made in a format which made them easy to process within existing procedures and routines. Along this road, several plans and documents were produced which finally belonged to nobody – but they were nevertheless approved and implemented.

This role of the consultant also generated considerable uneasiness. Whereas the consultant felt trapped in-between,¹⁰¹ the Nicaraguan authorities often were unhappy with the fact that the consultant controlled “their funds” and felt somewhat humiliated by the need to ask the consultant for permission to undertake purchases.¹⁰² Another major draw-back was the fact that this system for programme management transferred very little responsibility to the national counterparts, something which in practice worked against the agreed goals of institutional development and strengthening. Even more important was of course that neither Sida nor the national authorities had the full control over the direction of the Programme.

Still in 1991, the Swedish forestry consortium in Nicaragua had its own office, its own financial system and a Nicaraguan forester with deep sympathy for the Swedes frankly stated that “the Head of the Swedish forestry consultants has the rank of a Minister and a lot more of money”.¹⁰³

This unfortunate situation was finally terminated in 1991/92, when the number of Swedish long-term consultants was substantially reduced, recruitment was undertaken by the Nicaraguan authorities through a bidding procedure and the role of the consultants was defined as that of advisors within the national institutions (with no direct or official link to Sida). This arrangement was more in line with contemporary philosophy within Swedish development cooperation and transferred main responsibility to the Nicaraguan authorities. This was of course highly positive within a development perspective but in order to assure “*concerned participation*” from the Swedish side it presupposed that Sida now possessed (or hired) the technical capacity to closely follow the Programme and also had the will to initiate a dialogue on policy issues with the Nicaraguan authorities when necessary.

That the second of these conditions was not fulfilled became obvious during 1995/96 when the far-reaching institutional changes undertaken within MARENA (which deeply affected the Programme and its chances of success) never led to any reaction from Sida or the Swedish Embassy. At this time, the consulting company which held advisor posts within MARENA made some modest attempts to draw Sida’s attention to these issues of principle; but as nobody seemed to listen the company retreated and fully respected its loyalty vis-à-vis MARENA according to the contract.¹⁰⁴

(c) Goals, Monitoring and Evaluation

Paradoxically as it may seem, the objectives of the Forestry Programme were, during most of the period 1982–98, never clearly defined and interpretations of the meaning of the official goals varied among the parties involved. As no high-level policy dialogue on the Forestry Programme took place between the two Governments, no fora existed to ensure that the basic perception on both sides regarding the Programme’s stated goals was compatible and congruent. In practice, views on the Swedish and Nicaraguan side regarding the meaning of the Programme often seem to have been substantially different.

¹⁰¹ “We lost our soul as professionals”, one former Swedish advisor told the author.

¹⁰² In confidence, accusations of “paternalistic attitudes” could rather frequently be voiced.

¹⁰³ Private conversations with the author (then recently arrived as Programme Officer at the Swedish Embassy) in Managua in 1991.

¹⁰⁴ Interview by the author with Mr. Eero Korhonen, (Helsinki University Knowledge Services, HUKS) in Helsinki, September 1999.

Furthermore, the goals stated in official Programme documents were frequently changed and generally not supported by goal hierarchies or a systematic set of projects aimed at contributing to goal achievement over time. The history of the Forestry Programme suggests that programme formulation was particularly vulnerable to changes of direction precisely because there was no commonly shared view about the purpose of the assistance. In consequence, changes in staff at Sida or the Nicaraguan authorities were often immediately reflected in changes in the programme.¹⁰⁵

Real monitoring and evaluation of the Forestry Programme was almost entirely lacking during the period 1982–92. True, a significant number of field missions and annual conversations were undertaken but only pursued proper monitoring to a very limited extent. The main overall reason was most likely the general climate of political sympathy, combined with unclear roles and mandates for the main parties involved. This general setting was moreover reflected and reinforced by the already mentioned lack of precise objectives and invariably over-optimistic targets which were seldom or never compared with Programme achievements. The external evaluation undertaken in 1992 in this context stated:

“As far as can be determined [*from the analysis of Agreed Minutes and Sida documents*] targets established during one year were never used to monitor the performance of the programme or any of its actors. The absence of operational targets is particularly evident in the years 1986 through 1991 when rather sharp changes were made in the programme and objectives were added and eliminated rather freely.”¹⁰⁶

Another reason for this absence of detached (or professional) analysis and review was probably the fact that missions and delegations were generally composed in a rather narrow fashion, with little or no presence by independent forest or development economists, forest policy specialists, rural development experts, anthropologists, etc. The severe limitations regarding the scope and relevance of the evaluation undertaken in 1985 have already been addressed above¹⁰⁷ but should be seen in the light of its composition.

The team was dominated by foresters, the team leader was a Sida economist without earlier experience from Nicaragua, no one of the foresters had substantial experience from development cooperation projects or was a specialist in institutional aspects and one of them had the year before been contracted by Sida to elaborate the final draft version of the institution's own memorandum constituting the basis for the Swedish decision to prolong the Forestry Programme.¹⁰⁸ In sum, the composition of the team failed to meet acceptable standards both in regard to independence and concerning a relevant knowledge profile. Unfortunately, the evaluation report came at a crucial time and its conclusions were given great importance as a corroboration of reasonable results so far and its calculations and suggestions were utilised as a major underpinning for decisions on future Swedish support.¹⁰⁹

The first independent evaluation was not undertaken until 1992, and delivered harsh criticism of the management and results of the Programme.¹¹⁰ During the period 1992–97 proper monitoring of the Programme was consistently applied, a considerable range of specialists became involved and during

¹⁰⁵ Indufor/SPM: *Evaluation of the Swedish Support to the Forestry Sector in Nicaragua, 1982–1992* (February 1993, pages 4, 6, 43.)

¹⁰⁶ Indufor/SPM: *Evaluation of the Swedish Support to the Forestry Sector in Nicaragua, 1982–1992* (February 1993, page 44.)

¹⁰⁷ See section 2.3.

¹⁰⁸ SIDA, Insatspromemoria: Fortsatt stöd till skogssektorn i Nicaragua 1984/85–1985/86.

¹⁰⁹ Which now came to concentrate on short-term production goals through increased support to the Nicaraguan forest industry (mainly saw-mills). See further section 2.3.

¹¹⁰ See section 2.5.

the period 1995–97 Sida also hired an independent and highly qualified Monitoring Team (MT) to continuously follow the Programme and give technical support to Sida, for decisions on Plans of Operation and other requests and for the annual consultations with the Nicaraguan counterparts.

Overall, the contributions of the MT seem to have been of great value both for Sida and the Programme management during this period. However, as the MT was linked to Sida's Department for Natural Resources (which was in disagreement with the Regional Department regarding an absolute deadline by December 1997 to terminate the Programme),¹¹¹ the team was not utilised to prepare the Nicaraguan counterparts for the phasing-out of the Programme. Moreover, the Monitoring Team soon came to concentrate on developments in the field, where particularly the continuously difficult and problematic activities on the Atlantic Coast required a high degree of attention.

Whereas this generated a series of valuable suggestions for constructive change, it also meant that the consequences of the institutional changes undertaken within MARENA during 1995/96 (without MARENA informing or consulting with the Swedish side) were not analysed or addressed. The absence of a specialist on institutional development within the MT may have been one of the causes for this omission, whereas another was related to MT's *de facto* concentration on the process on the Atlantic Coast. The main reason, however, was probably the lack of capacity within Sida to formulate adequate specific terms of reference for the missions undertaken by the Monitoring Team.

3.1.4 Aid Dependency and Problems of Coordination

With the purpose of complementing the analysis of the overall context of the Forestry Programme, this section elaborates on the role of foreign development assistance in Nicaragua and deficiencies regarding domestic as well as donor coordination. Due to the lack of reliable and comprehensive information on the full period, the author concentrates on the years 1990–96.

During the Sandinista period 1980–90, Nicaragua received huge amounts of foreign assistance of all kinds, mainly from countries within the Communist bloc. For most of the period in question, Sweden constituted the major Western donor and total disbursements (in grant form) for the period 1979/80 up to mid-1989 amounted to approximately SEK1.2 billion.¹¹² Within the forestry sector, Sweden was the only Western donor and the only one with a major, long-term programme. All-through the years 1980–90 the Nicaraguan Government sought to achieve coordination of donor activities via the agency for external cooperation (FIR) but several programmes were, in practice, also initiated and managed directly by different ministries, by-passing FIR. In general terms this was not the case, however, concerning the forestry sector.

When the new Nicaraguan Government under President Violeta Chamorro came to power in 1990, the country's foreign debt was in the order of USD 10 billion¹¹³ and for the first half of the 1990s the national economic growth was constantly negative – instead of growing the gross national product decreased. At the beginning of the 1990s GDP per capita had fallen to some USD 400 from around USD 800 ten years earlier. In 1992 export income had reached an all-time-low of only a little more than USD 200 million, whereas imports had increased to some USD 800 million. These trade deficit proportions continued for several years. At the same time, foreign creditors were pressing for payment of arrears and interest and the population clamoured for short-term gains in their living conditions now that the war was over.

¹¹¹ See section 2.8.

¹¹² Whereof SEK 995 million corresponded to SIDA, SEK 172 million to SAREC (the Swedish agency for research support) and the remaining SEK 46 million constituted the Swedish Government's support to NGO activities in Nicaragua.

¹¹³ Corresponding to more than 25 times the country's total export earnings in 1989 and about 45 times as large as exports in 1991.

In this situation the country became extremely dependent on foreign assistance (grants and loans) to keep afloat. But foreign assistance came from an increasing number of countries and international institutions, required a considerable degree of coordination in order to be utilised efficiently and was mostly linked to special preferences from each and every donor (where to spend, how to spend and, gradually, what results to show) which must be satisfied in order to assure the continuity of this vital financial flow.

Whether the projects or support offered really constituted a priority for Nicaragua or not sometimes became less important than to please the donors and comply with their special demands – the overriding goal was rather to maintain a broad-based donor group and to ensure that the package from each major donor had a reasonable composition in general terms. Sweden and the Nordic countries constituted a donor group of major importance, they were very receptive to the Nicaraguan Government's requests, they soon provided large sums of fresh money in the form of balance-of-payments support and they were allies in discussions with the international financial institutions regarding the vital issue of renegotiation of the foreign debt. In this context, it may be understandable that the Forestry Programme, which Sweden seemed to care so much for, was not given a very close scrutiny before being approved by the Nicaraguan Government.

"I have to admit that we sometimes felt that the Swedish Forestry Programme was kind of donor-driven. We didn't know up to what point we could influence the Programme and establish our own priorities. We really should have sat down with the Swedes and maybe other donors as well to discuss these themes, in private and without any media people present, but we didn't. Anyhow, it was a long-term programme, the Swedes were very fond of it and they were an important donor", says Julio Cárdenas, former Minister of Economy and a Presidential Advisor within the Chamorro Government.¹¹⁴

The same logic to a considerable extent was also at play when it came to the elevation of IRENA to a fully-fledged Ministry (MARENA), which was seen by the donors as proof of the Government's commitment concerning the environment and sustainable management of natural resources.

"We made IRENA a Ministry for two reasons: to satisfy the donors who had been trying to convince us on this issue for some time already, and to send a message to all the nation on the importance of environmental issues. Unfortunately we never succeeded in taking the next steps regarding the institutional setup, there were always so many other priorities and urgent tasks to be resolved."¹¹⁵

To coordinate the donors and link their offers to some national priorities or rough national plan for crisis resolution and development proved to be a very difficult if not overwhelming task. The problem was not only that the donors constituted such a heterogeneous group with very different special interests and conditions or that the country lacked planning and administrative capacity. The problem was also political, says former Prime Minister Antonio Lacayo:

"Politically speaking we soon became the Government of nobody. The right-wing sector was first and foremost anti-Sandinista, and the Sandinista party was the leader of the left-wing forces. There in between was the Government and thus we could never achieve any broad support for anything but the most basic goals and lines of action: peace, reconciliation and stability – and even regarding these objectives we often had very different views on how they should be reached. There was

¹¹⁴ Interview by the author in Managua, October 1999.

¹¹⁵ Summary of separate interviews (with almost identical answers) undertaken by the author with Mr. Julio Cárdenas, Mr. Antonio Lacayo (Prime Minister during the period 1990-96) and Mr. Erwin Krüger (Minister for External Cooperation 1990-96) in Managua, October 1999.

no such thing as a national project or commonly shared priorities for the development of the country.”¹¹⁶

Even if politically speaking the Government belonged to nobody, there were still political differences within the Government, differences made more important by the lack of a national project for development. This situation, in combination with donor influence and sometimes also interference, made it important to strike a balance within the Government (between the different Ministries and major institutions) regarding the control of and access to donor funds. This is most likely the major explanation why responsibilities for different donor groups became divided in the following rather fragmented fashion:

- the Ministry for External Cooperation (MCE) dealt with the UN system and all bilateral donors;
- the Ministry of Finance handled all assistance related to the World Bank;
- the Ministry for Economy and Development was responsible for all cooperation from the Inter-American Development Bank and the Central American Bank for Economic Integration (CABEI); and, finally
- the Central Bank was counterpart when it came to the International Monetary Fund.

This fragmented management of external resources was probably instrumental for establishing political balance (conflicts and in-fighting between Ministries were common, but never led to irreparable clashes) but the price was high, mainly concerning the lack of coordination and the degree of efficiency in the utilisation of resources, of which a considerable proportion consisted of loans, thus further adding to the foreign debt. In addition to and aggravating these internal deficiencies came the different agendas and perspectives of major donor groups, recalls Antonio Lacayo with an interesting allegory:

“The IFIs¹¹⁷ were only interested in macro-economic health and stability. They were like heart doctors, they gave something which was hopefully good for the heart ailment – but what happened due to that cure with the kidneys (the reconciliation), for instance? Another group always pushed for democratisation (maybe constituting the lungs) or some other major aspect but without bothering about the heart (macro-economics). There simply was no coordination, no integral perspective on behalf of the donors – and we had no brain doctor of our own.”

The main course, though, was defined by the IFIs, they were the dominating actors in virtue of their access to resources urgently needed to alleviate the country’s financial and budgetary deficits and their key role regarding debt alleviation as well as concerning the definition of conditions for loans to be given for the up-coming macro-economic adjustment programme known as ESAF.¹¹⁸

“The IFIs almost dictated what to do, we had not much of a choice, even if we sometimes got support from major bilateral donors, such as Sweden and the Nordic countries, to make the IFIs reformulate or even eliminate some of their conditions – the first draft list of conditions they presented for the start of the ESAF contained 30 pages! They really got too much power and sometimes were out of touch with our national reality. There was never any real coordination between the different donor groups”, remembers Erwin Krüger, Minister of External Cooperation from the end of 1990 until the Chamorro Government lost power in 1996.¹¹⁹

¹¹⁶ Interview by the author in Managua, October 1999.

¹¹⁷ IFIs = International Financial Institutions, mainly the IMF and the World Bank but often including also the IDB (Inter-American Development Bank).

¹¹⁸ Enhanced Structural Adjustment Facility.

¹¹⁹ Interview by the author, Managua, October 1999.

One of the major conditions for the ESAF-agreement concerned the need for considerable reduction of staff within the public administration. In principle, this demand was easy to understand as the public sector had increased enormously during the Sandinista period. Moreover, the size of the public administration was not positively related to quality or operational capacity; generally the contrary was the case. Given the budgetary deficit allocations for most Ministries (including MARENA) were almost entirely absorbed by salary costs leaving only a tiny amount to cover operational costs.

In principle, a major scheme for staff reduction could also be linked to necessary reorganisation of obsolete and bureaucratic structures in order to better meet the demands of the current situation. In the case of MARENA, this could – at least in theory – be guided by the recommendations contained in the recently approved National Environmental Action Plan, NEAP,¹²⁰ where some major institutional changes had been defined as crucial for progress in the field of sustainable management of natural resources.

In real life no such coordination would happen, however. The new Minister appointed for MARENA towards the end of 1994, a business executive with no experience from natural resources or the environment, felt under pressure to rapidly achieve substantial staff reduction with numbers mattering more than future viability. No dialogue on this matter was initiated, neither between the Nicaraguan Government and Sweden, nor between Sweden and the World Bank (who funded an important consultancy study which provided recommendations regarding the cut-backs and reorganisation of the Ministry).

In sum, the opportunity to undertake a reduction and restructuring of MARENA within an analytical framework regarding natural resources management was not seized, and instead of being utilised as a resource within this context the Swedish Forestry Programme suffered from institutional changes within MARENA which came as surprise to Sida as well as to the Programme management.

Coordination between bilateral and multilateral donors was thus lacking, as was coordination between the Nicaraguan Government and bilateral donors. During the period 1992–96 a certain level of coordination was achieved, however, between the principal bilateral donors present within the areas of natural resources and the environment. This coordination was initiated by the Swedish Embassy in Nicaragua (with the considerable leverage of a donor with a long tradition in this field and, at the outset, the donor with the largest contributions to the sector) and met with significant enthusiasm due to the lack of overview and the somewhat unorganised management of donor offers on the Nicaraguan side.

Unfortunately, no joint commission or working group on natural resources and the environment was ever established between the donors and the Nicaraguan side, and the coordination on the donor side seldom reached further than the exchange of information on programme progress and tentative plans for new undertakings. As soon as policy matters were raised, coordination generally failed due to the need for each donor to first consult with Headquarters – which mostly resulted in long delays and made agreements at local level in Managua impossible to achieve.

3.1.5 The Continuity Problem

To address the theme of continuity as a problem when dealing with a programme which spans over a period of almost twenty years may seem a paradox. However, continuity in its proper sense did constitute a major problem for the development of the Forestry Programme in two interrelated ways:

¹²⁰ See section 2.5 and footnote 18.

- (a) the short-term character of goals, agreements and plans; and
- (b) the frequent changes of the Programme's main focus.

Sida-funded forestry activities in Nicaragua began in 1980 in a somewhat improvised manner with the purpose of rehabilitating the country's existing saw-mills and under these conditions no one would expect the time perspective to be other than decidedly short-term. With the start of the Forestry Programme in 1982 and the considerable number of studies undertaken to elaborate the National Master Plan for forestry development it seemed, however, that a solid basis would be constructed for a real long-term perspective.

But even if the Master Plan contained forestry scenarios for an impressive 40 years ahead, it lacked a clear and consistent phase approach: *What step to take first and which steps should follow?* The Master Plan was prepared as a long, but single, exercise and was only utilised as a vehicle for the creation of local capacity to a minor extent. In short, it was long-term only in the sense that it dealt with a long period of years, but it lacked a real long-term strategy as it did not define the measures and phases which – under the circumstances then prevailing – could be expected to lead to sustainable forestry development.

When the Master Plan finally was presented in 1985, the problems created by the war led the Nicaraguan Government to avoid approving the Plan – and in the continuing Swedish forestry support the institutional aspects analysed by the Plan were almost entirely forgotten as the country's short-term survival now became the overriding goal.

The absence of well-formulated long-term goals – and the lack of policy dialogue between the two Governments where these goals could have been reconfirmed – generated frequent changes in the main orientation of the Programme and thus constitute further explanations for its short-term character. This shortcoming was (at least implicitly) recognised in 1988, when it was decided that the Forestry Programme should be based on three-year plans but when such plans were not presented (or did not meet with reasonable standards) agreements were simply prolonged and activities continued as if almost nothing had happened.¹²¹

For somewhat different reasons, this short-term perspective came to characterise the period 1992–97 as well. On the Swedish side, a considerable degree of ambiguity was now shown regarding the future of the Forestry Programme. This became obvious when the ambitious process in 1992–93 of evaluation and prospective studies for a future long-term and integral effort within the area of natural resources management was finally reduced to a three-year continuation of forestry activities only.¹²² As this continuation came to constitute the very last phase of the Forestry Programme,¹²³ the medium- or long-term goals that did exist (regarding institutional development) were not given proper attention.

The new Nicaraguan Government which came to power in 1990 never expressed any firm commitment or special priority regarding forestry development. For undertakings which required a long-term perspective there was almost no space on the Government's agenda, due to the unstable political situation and severe economic crisis characterising the period at least up to 1994–95. Judging from interviews with former Nicaraguan ministers, responsibility for strategic or long-term development regarding forestry development seems to have been delegated to Sweden – or, in the words of former Nicaraguan Prime Minister, Mr. Antonio Lacayo:

¹²¹ The first three-year plan of this kind was not produced by Nicaragua (and approved by Sida) until 1992.

¹²² See further section 2.6.

¹²³ For the reasons and dynamics leading up to this decision, see section 2.8.

“Forestry development is a long-term undertaking and most of us in principle respect the environmental importance and economic potential of forests. However, during our time in Government we always had a whole series of really urgent questions to resolve and it was difficult to see how we could get any direct economic benefits from forestry. It seemed rather remote and we ourselves didn’t know what steps to take to make it come true. But we thought that the Swedes must know what they are doing, they must have a good analysis, they are trying to introduce something new in our culture and with the combined effort of Swedish technicians and our own institutions it may finally become successful.”¹²⁴

Unfortunately, this kind of strategic thinking was not present on the Swedish side either, nor were the Swedish representatives fully aware of the scepticism or lack of real commitment prevailing on the Nicaraguan side. Also in the situation then prevailing no one on the Swedish side would ever have thought that the Nicaraguan Government’s approval of the Tropical Forestry Action Programme and the Swedish Forestry Programme – which were seen as expressions of at least a reasonable degree of commitment – was mainly a reflection of Nicaraguan confidence in Swedish plans and strategic thinking for forestry development in Nicaragua (plus the need to maintain good relations with Sweden as an important donor country).

Thus, the statement made in the external evaluation report covering the years 1982–92 could to a large extent also be applied to the full period:

“The main weakness of the programme has been the short perspective. All operations have aimed at yielding tangible results at the expense of systematic efforts to develop national institutions.”¹²⁵

Consequently, the Programme’s impressive period of 16 full years (1982–1997) was more the sum of repeated short-term agreements with changing goals than a true representation of a long-term development perspective.

3.1.6 The Difficult Art of Institutional Support

For good reasons a considerable proportion of the Swedish forestry support to Nicaragua during the period 1982–97 concerned the development of national competence and capacity, not least as concerns the country’s forest related institutions.¹²⁶ This section seeks to identify some factors and mechanisms which contributed to the meagre outcome of these components within the Swedish Forestry Programme.

(a) The Nature of Nicaraguan Institutions

Conceptual words and official names tend to have a remarkable power over our minds and easily lead our thinking astray. The word “institution” in most countries of Central America thus denotes something very different from the reality behind the same concept in our part of the world.

Broadly speaking, neither the public sector (health services, piped water, social insurance, etc) nor the public administration (ministries, state institutions etc) have in Nicaragua ever been “public” in the sense we usually give this concept: at the citizen’s service, run by officials and bureaucrats responding to well established rules, in accordance with laws and regulations and controlled by civil society (mediated through Government and Parliament resulting from free and fair elections).

¹²⁴ Interview by the author, Managua, October 1999.

¹²⁵ Indufor/SPM: *Evaluation of the Swedish Support to the Forestry Sector in Nicaragua, 1982-1992* (February 1993), page 6.

¹²⁶ This support was mainly concentrated to IRENA/MARENA and its two “forest branches”, the National Forest Services (SFN) and the State Forest Administration (Adforest) but the same label was also used for some of the support for the forestry school, Intecfor.

The public sector has generally been poorly developed (reflecting the minimal taxation of the richer part of the population) and concentrating almost exclusively on the urban centres. Efficiency has always been low and budgets often providing little room for items other than salaries. The same holds true, with slight variations, for the so-called public administration or public institutions.

Furthermore, both the public sector and the public administration have been directly linked to those in power and have tended to become their exclusive assets and property, utilised to gain strength through the promotion of patron-client relations. Providing somebody with employment within these institutions or giving services to certain groups was not meant to be for free: obedience and/or political support was generally expected (or even required) in return. The appointments of Director Generals, Directors and other chief “officials” constituted an important tool for creating loyal followers and forging alliances.

The reason for this situation is simple: From Independence in 1823 to the Sandinista Revolution in 1979 Nicaragua was always ruled by autocrats and dictators, mostly in alliance with foreign powers. During the Sandinista regime the country soon became the target of US warfare and the Sandinista leaders made no clear distinction between the Party and the State – the state apparatus with its “institutions” was perceived as an important tool in the fight against the US-backed *Contras* and for national survival. Not until the end of the war in Nicaragua and the termination of the Cold War did the country get a chance to create public and professional institutions in our sense of the word.

In short, most contemporary Nicaraguan state institutions were created for other purposes and using another philosophy than those we usually associate with the same concept. Even today, the combination of historic legacy, political tradition and the current political situation continue to weigh heavily on the development of the country’s “public institutions”.

These factors also, to a large extent, influenced developments within the institutions supported by the Swedish Forestry Programme. During the Sandinista regime – when CORFOP¹²⁷ and IRENA with its different branches were established – staff (not only key officials) were frequently changed at short notice due to “political needs” or simply lack of political trust. During the following Government under President Violeta Chamorro, several of the internal conflicts and reorganisations undertaken within IRENA/MARENA had clear political connotations.

This tendency was perhaps particularly strong regarding the forest institutions, SFN and Adforest, which at least by MARENA’s two latter Ministers during the period 1995–96, were perceived as staffed by veteran Sandinista Party members and (by means of the Swedish support) constituting something of “a state within the state”. According to some sources, this became one of the main reasons for the gradual dismantling of SFN (without any consultations with the Swedes) during the period 1995–96.¹²⁸ This kind of politicisation seems to have been further reinforced and even developed into party politics with the succeeding Government from 1997 under President Arnoldo Alemán.¹²⁹

For most outsiders – such as the Swedish representatives or even the Swedish-funded advisors employed within MARENA – the reasons for staff rotation or different reorganisations during the period in question were often difficult to understand or seemed somewhat illogical as the political dimensions were either unknown or considered an internal affair. At institutional and operational

¹²⁷ Corporación Forestal del Pueblo; the state enterprise given responsibility for managing all nationalised forest companies (mostly saw-mills).

¹²⁸ See further section 2.7.2.

¹²⁹ Unlike the Chamorro Government, which came to power through the broad UNO-coalition, Alemán’s Government represents the electoral victory of the Liberal Party (PLC) alone.

level, the result was a significant degree of discontinuity and on the Swedish side a feeling of capriciousness or unpredictability regarding the Nicaraguan counterpart.

(b) The Nature of Swedish Institutional Support

Chances for success regarding the institutional support were further weakened due to certain characteristics of the approach on the Swedish side. Some major shortcomings in this context were:

- (i) the overestimation of domestic Nicaraguan capacity;
- (ii) the technification of the meaning of institutional support; and
- (iii) the lack of criteria for sustainability.

When Swedish development assistance to Nicaragua was initiated in 1979/80, Nicaragua was considered to be a less poor and rather advanced developing country, possessing a clear development strategy and considerable domestic capacity for project preparation and implementation. This overestimation was partially due to the lack of knowledge on the Swedish side regarding Central America but also the result of political sympathy creating a high degree of trust – the statements made by the new Nicaraguan Government were taken not only as intentions but as a reflection of reality-based possibilities as well. In short: what was said was also judged to be doable.

The process towards a more realistic assessment of Nicaragua's domestic capacity was slow, particularly within Sida and at Government levels and was soon complicated by the war situation. For the technical consultants it was easier to correct the initial picture on the basis of direct observations and experience. Their conclusion, however, was not to question the design or viability of the endeavour as such but to argue in favour of the employment of more foreign experts in order to achieve what had been initially agreed. Had a more analytical and open-minded discussion on this theme been possible already at an early stage, it could probably have influenced the design of the National Master Plan, perhaps resulting in a recommendation for well-sequenced phases with institutional development constituting a core element.

Moreover, the contemporary understanding of the nature of “institutions” among Swedish aid practitioners was mostly rather shallow and this also applied to forest experts, who often tended to reduce institutions to their technical and operational capacities. This “technification” of what constituted an institution came, at least in the Nicaraguan case, to be combined with a narrow “instrumentalist” view which with some exaggeration can be expressed in the following way: The institutions were needed in order to achieve certain goals, one main goal in this case was to implement the Swedish Forestry Programme agreed upon by the two Governments – thus the “institutional support” needed should concentrate on the skills and capacities required to implement this Programme. This line of thought also helps to explain why the Swedes continued to give institutional support to SFN and Adforest in spite of the fact that they gradually came to consider the status and location of these bodies as departments within MARENA to be incompatible with clear and non-contradictory roles and mandates.¹³⁰

The “technified” approach to forest institutions was further reinforced by what was conceived by the Swedes as an element of unpredictability regarding plans and visions on the Nicaraguan side for overall institutional development. Instead of institutional development constituting a core element of the Programme, the Nicaraguan forest institutions came to be the instruments or vehicles for the

¹³⁰ The predominant Swedish perception was that SFN ought to be given status as an autonomous national forest institute, whereas Adforest rather belonged to the Ministry of Economy, as the body responsible for the productive management of state-owned forest lands.

implementation of certain field-oriented activities.¹³¹ In the short run this also suited Nicaraguan interests, as this kind of instrumental support implied larger and more easily accessible funds to maintain professional staff and operational capacity in times of severe budgetary constraints.

As already mentioned, the termination of the Forestry Programme in December 1997 caused serious problems for MARENA and its forest departments,¹³² reconfirming the continuous lack of criteria on the Swedish side concerning the future sustainability of the Nicaraguan forest institutions. This outcome was a consequence of the narrow sector approach of the Forestry Programme as such¹³³ but also of the “technified” or “instrumentalist” approach to institutional support and the absence of a high-level policy dialogue between the two Governments. On the other hand, however, this outcome can also be said to have shown the true degree of priority assigned to forestry development by the Nicaraguan Government; belatedly but nevertheless necessary.

3.2 Lessons Specific to Forestry Assistance

The following section deals with a few themes specific to international forestry assistance, themes which contributed to the basic design and approach of the Forestry Programme and also reduced its chances of success.

3.2.1 The Centralist and Industrial Vision

From the beginning of the 1960s and more than a decade to come, international forestry assistance emphasised forestry as the engine of national economic development and modernisation in the developing world. Forest industries were to play a leading role in the economic “take-off” of these countries and heavy investments were made in, for example, vocational training, inventories and plantations as well as in saw-mills and pulp and paper factories.

This model was combined with a centralist and often formalist outlook where decrees, master plans and top-level agreements were considered as tools suitable for the desired transformation of reality. Tools applied not by domestic teams but by task forces dominated by technically highly skilled and experienced foreign experts.

By the end of the 1970s, this approach had showed little success and was, in the international context, to be replaced by the paradigm of “social forestry”. The industrial vision still survived, though, and had some of its more powerful proponents among top-circles in the Finnish-owned consultancy company¹³⁴ which, to a considerable extent, came to put its mark on the National Master Plan elaborated within the Swedish Forestry Programme in Nicaragua. This approach also combined well with the Sandinista Government’s own enthusiasm for centralist endeavours and mega-projects, a fact which probably explains why this, internationally already somewhat outdated model for forestry development, came to characterise Swedish-funded activities in Nicaragua for almost all of the 1980s.¹³⁵

¹³¹ This perspective can, at least in practice, be said to have dominated even the last phase of the Forestry Programme, when SFN was virtually dismantled as an institution (without any reactions from the Swedish side) but survived as a project organisation for the implementation of activities on the Atlantic Coast.

¹³² See section 2.8.2.

¹³³ For some elaboration on this theme, see next section.

¹³⁴ Jaako Pöyry Ltd, owner of Interforest Sweden, one of the two consultancy companies which established the forest consortium to manage and help implement the Swedish Forestry Programme. Furthermore, Jaako Pöyry himself showed considerable interest regarding forest-related industrialisation in Nicaragua and was for this purpose visited by the Nicaraguan Minister for Agriculture and Agrarian Reform, Mr. Jaime Wheelock.

¹³⁵ Another contributing factor was, of course, the urgent need during the war to generate foreign currency and substitute imports of lumber and sawn timber, which provided new and seemingly rational arguments for industrial undertakings within the forestry sector.

During the period 1990–97, the industrial approach gradually disappeared within the Forestry Programme,¹³⁶ whereas the centralist outlook proved more difficult to get rid of. One important reason was, of course, that the very nature of the Forestry Programme consisted in primarily utilising central state authorities as the vehicle for the promotion of forestry development. During the elaboration of proposals for a future broad and integrated natural resources programme in 1992–93, this centralist character was identified as an obstacle and discussions were initiated with a whole range of other actors – municipalities, NGOs, farmer organisations, the private sector etc. However, as the idea of a new long-term programme was abandoned by the Swedish side,¹³⁷ the remaining years continued to be characterised by support channelled through central state institutions, mainly MARENA.

3.2.2 A Technified and Sectoral Approach

Another typical feature of the prevailing thinking within international forestry assistance during at least the period from 1970 up to the beginning of the 1990s was the tendency towards a purely sectoral approach. In other words: constraints on, and preconditions for, forestry development were mainly to be found within the forestry sector itself, and solutions were preferably technical. Within the Swedish Forestry Programme in Nicaragua, this approach carried considerable weight not only in the design of the National Master Plan and subsequent projects in the 1980s, but also as a dominant feature for several years in the 1990s.

True, some foresters employed within the Programme now and then mentioned that plans and incentives for agricultural development had a profound impact on the chances of forestry development, as had the absence of adequate legislation regarding rural lands, the fragmentation and incompatibility between the different state institutions dealing with issues of natural resources management or the existence of distorted relative prices. But being forest specialists – enthusiastically observing the theoretically enormous forestry potential in Nicaragua due to propitious soil and climate conditions¹³⁸ – they generally continued to propose solutions within the forestry sector, often of a technical character. For the Nicaraguans, the Nordic forest experts represented the most qualified knowledge available, a knowledge developed in countries whose forest industry had become world-famous for its success. The advice from these experts thus carried weight, and the fact that they continued to propose sectoral solutions seemingly showed this to be the path.

It could of course be argued that this sectoral and technified approach was more the forest experts' way of seeking to cope with the lack of a high-level political support, the absence of a true policy dialogue between the two countries and an expression of the fact that the Programme had gone orphan. The technical consultants simply respected that these areas were beyond their sphere of influence, hoping that these fundamental issues be finally addressed and resolved by the appropriate levels and in the meantime tried to find technical solutions which could help the Programme to muddle-through. Whereas this kind of reasoning carries a good deal of relevance it is, however, also important to emphasise the legacy of the sectoral approach within forestry assistance as such.

Even more interesting, though, is the fact that this narrowly sectoral approach could be approved and supported by responsible officials within Sida and the Department for Development Cooperation at the Swedish Ministry for Foreign Affairs. Even for general development experts only slightly

¹³⁶ Even if, for example, the Tropical Forestry Action Plan from 1992 still paid more attention to sizeable projects related to forest industry than to farmer-based productive forestry.

¹³⁷ See section 2.6.

¹³⁸ This enthusiasm is not difficult to understand. Whereas pine forests in the Nordic countries require some 70 to 100 years for maturation, the corresponding figure for Nicaragua is only 20–25 years. Regarding fast-growing broad-leaf species, plantations can generate harvestable trees (for fuel-wood or construction purposes) already within 3–5 years.

familiar with rural (or industrial) development it would have been evident that prospects for forestry development are only determined by factors belonging to the forest sector to a limited extent. At that time, however, this was *not* obvious, probably due to the general climate of political sympathy for Nicaragua, the strong position of Sida's technical departments and the somewhat fragmented character of Swedish development cooperation which consisted of technical programmes without coordination and not based on overriding and consistent country strategies.

It constitutes something of a historical irony that when Sida's Department for Agriculture and Forestry itself finally in 1992–93 proposed a much broader approach for future Swedish cooperation with Nicaragua – then the narrow forest sector approach was in practice maintained by the decision made at Sida top-level that the Programme should be terminated by December 1997.

4. A Final Remark: Foreign Policy & Development Cooperation

During the period 1980 to 1998, almost SEK 400 million of Swedish public funds were transferred to Nicaragua on a grant basis and invested for the purpose of forestry development. As shown above, however, tangible and lasting results from this large-scale and extended development endeavour have been meagre.

Some of the mechanisms and reasons behind this unsuccessful outcome of the Swedish Forestry Programme have been identified and analysed in this study. Hopefully, the continued discussion on these and other themes will lead to improvements and changes which may generate positive results in the future, within the area of forestry as well as other fields of international development cooperation.

Such a discussion may be experienced as challenging and controversial, particularly if the purpose is to achieve a professional and detached analysis of *today's* conventional wisdom, blind spots and hidden agenda's in order to create a better balance between resources invested and lasting results. One way of avoiding this kind of discussion could then, for instance, be to change the focus and present a completely different interpretation of the results achieved. In the case of the Swedish Forestry Programme in Nicaragua, this kind of reasoning could be constructed as follows:

“It is probably correct that results within the forestry sector from this Programme were meagre. However, the Forestry Programme constituted an important part of the Swedish assistance package to Nicaragua, which contributed to the provision of political leverage and credibility for Sweden among Sandinista leaders. In Swedish-Nicaraguan discussions we also know that the need for general elections and to develop a truly democratic society – also in times of external aggression – were themes addressed by the Swedish side. Maybe it is in this context we should look for the real results of Swedish development cooperation with Nicaragua – to have contributed to democratic elections and peace in Nicaragua.”

Some analysts of Nicaraguan politics may object that, (i) the Swedish influence on key decisions within the Sandinista Directorate was minimal, and (ii) the decision to hold general elections in 1990 (with a heavy presence of international observers and a very strict measures to ensure voting

privacy and secrecy) was not so much due to external suggestions or influence but rather to the fact that the Sandista leaders were totally convinced they would be victorious.¹³⁹

Be that as it may, this argument is interesting anyhow because it introduces a truly relevant theme in this context, namely: *How closely linked to (or directly instrumental for) foreign policy goals can development cooperation become without changing fundamental criteria for design, decision-making, implementation and evaluation?*

What we do know from experience is that a high degree of political sympathy and/or very close links to foreign policy goals tend to decrease the level of professional analysis and to negatively affect demands for quality and/or cost-effectiveness. (The same generally applies also when strong commercial interests directly or indirectly constitute driving forces behind development cooperation.) Cooperation programmes in countries whose Governments have a low sympathy rating on the donor side are generally exposed to much higher and stricter demands regarding goals and objectives, monitoring, financial control and evaluation of results.

Nicaragua is not an isolated example of how high sympathy rating is accompanied by a lowering of demands for quality – other cases in point are, for instance, Swedish development assistance to Vietnam and to Tanzania, certain parts of the very sizeable support to the so-called Front Line States in Southern Africa during the apartheid era and several of the regional programmes financed in Central America during the 1980s.¹⁴⁰

The answer to this dilemma will, of course, depend on factors such as the degree of professionalism and independence possessed by the donor agency vis-à-vis the country's Foreign Office, the capacity and institutional position of the national body responsible for development cooperation evaluations, the capacity and will of the Foreign Office to become involved in a policy dialogue both at home and with the partner country and, finally, the kind of development activities pursued.

Hopefully, the present study may inspire to reflections and an open discussion also regarding this important, but often neglected, theme.

¹³⁹ To this should be added that these were the second general elections in the country since the Revolution; the very first elections were held in 1984, generally considered fair by international observers but rejected by the US Government (and at the last minute boycotted by some Nicaraguan parties under heavy US influence). That the Sandinista leaders were convinced of their coming victory in 1990 is undoubtedly true (large-scale preparations to celebrate the victory were abruptly cancelled when the results were announced) and has since been openly admitted by all former leaders at top-level.

¹⁴⁰ For an in-depth analysis of this aspect regarding Swedish development cooperation with Tanzania, see Elgström, Ole (1999): *Giving Aid on the Recipient's Terms: The Swedish Experience in Tanzania* (in: Hyden/Mukandala: *Agencies in Foreign Aid*.)

Sources

1. Personal Experience

From the beginning of 1991 to mid-1995 the author served as Senior Programme Officer (later First Secretary) at the Swedish Embassy in Nicaragua, being responsible for the management of the Forestry Programme and all other Sida-funded activities related to natural resources management and the environment. In October-November 1995 the author furthermore participated in the Annual Consultations regarding the Forestry Programme between Sweden and Nicaragua as an external consultant to Sida.

2. Special Input Study

In order to update and broaden the evaluative termination report produced by MARENA in 1998, the author commissioned a special input report on lasting results and the current situation concerning the forestry sector. This report was elaborated by two experienced Nicaraguan professionals¹⁴¹ and was presented by the end of 1999.

3. Archive Searches and Written Sources

With the permission of Sida and the Foreign Office the author has undertaken a complete search and review of relevant documents (memos, reports, evaluations, decisions, agreements, correspondence, etc) at the central archives of the Swedish International Development Agency, Sida and of the Swedish Ministry for Foreign Affairs. The review comprised the full period (1980–1998) and included classified documents. A complementary search and review was later undertaken for the early part of the period at the Swedish National Archives. Finally, the author has also reviewed relevant documentation at the archives in the Swedish Embassy in Managua, Nicaragua.

In addition to the documents reviewed in the archives mentioned above, the following books and reports have been useful in the elaboration of this study:

Béhar, Jaime & Lundahl, Mats (1994): *Now's the Time. An Evaluation of Swedish Development Cooperation with Nicaragua*. Report 4, SASDA, Stockholm: Ministry for Foreign Affairs.

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Martínez Cuenca, Alejandro (1992): *Sandinista Economics in Practice. An Insider's Critical Reflections*. South End Press, Boston, USA.

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Riddell, Roger (1996): *Aid Dependency. A report for Sida's Project 2015*. Sida, Stockholm.

¹⁴¹ Mr. Marvin Brenes (forester, formerly with SFN and MARENA) and Mr. Jorge Canales (formerly Natural Resources Advisor to the Regional Government in the northern part of the Nicaraguan Atlantic Coast).

Taylor, Lance (1989): *Nicaragua: The Transition from Economic Chaos toward Sustainable Growth*. SIDA Studies in Macroeconomic Management, Stockholm.

4. Fact-finding Trips

In order to check out the relevance of some earlier findings and ideas as well as to undertake general ground-truthing, the author made a special trip to Nicaragua, Costa Rica and Panamá in October 1999, visiting selected relevant locations and interviewing individuals who had held posts of crucial importance in Nicaragua during the different periods of the Forestry Programme. For the purpose of interviewing former key consultants a short trip was also undertaken to Helsinki in September 1999.

5. Individuals Interviewed

Most interviews for this study were undertaken during the period September to November 1999. (A few complementary interviews were made during December 1999 and January 2000.) When indicated by an asterisk, the interviews were made by telephone; all the others have been undertaken during direct personal meetings with no others present. The following individuals have been interviewed by the author:

Mr. Roberto Araquistain, forester, Nicaraguan official involved with the Swedish Forestry Programme from 1986 until its termination; initially at CORFOP and later for many years Head of SFN within MARENA.

Mr. Carlos Benavente, Nicaraguan government official dealing directly with Swedish development cooperation from 1982 to 1995 (Fondo Internacional de Reconstrucción, FIR and later Ministerio de Cooperación Externa, MCE).

Mr. Tomas Bergendal, Programme Officer at the Swedish Embassy in Managua, managing the Forestry Programme during the period 1984–87, later at Sida's Department for Agriculture and Forestry in Stockholm.

Mr. Rolain Borel, independent consultant based in Costa Rica. Participated in the evaluation of 1992 and was later frequently consulted by Sida. Member of Sida's Monitoring Team 1996–97.

Mr. Marvin Brenes, forester at SFN/MARENA during the 1990s, coordinator for activities on the Atlantic Coast.

Mr. Jorge Brooks, forester, deputy Head or Head of Adforest/MARENA most of the 1990s. Currently Head of Adforest (now under the Ministry for Industry and Commerce).

Mr. Gary Burniske (*), Sida-funded forest advisor to SFN/MARENA 1995–96.

Mr. Milton Caldera, Minister of MARENA from November 1994 to December 1995.

Mr. Ronnie de Camino, forester and independent consultant based in Costa Rica, member of Sida's external Monitoring Team 1996–97 with a special assignment regarding logging activities on the Atlantic Coast.

Mr. Julio Cárdenas, Minister of Economy 1990–92, member of the Government's coordinating commission and special advisor within the President's Office until 1996/97.

Mr. Anders Forsse, Swedish government official involved with development cooperation since 1963, Director-General of Sida 1979–85.

Ms. Maria Elena Gutiérrez, assistant to the Programme Officers at the Swedish Embassy in Managua in charge of the Forestry Programme during the years 1993–98.

Ms. Ewa Hagwall, Programme Officer in charge of the Forestry Programme at the Swedish Embassy in Managua from July 1995 to September 1996.

Ms. Eivor Halkjaer, Programme Officer for Nicaragua at Sida's Area Division 1983–86, Head of the Development Cooperation Office (DCO) at the Swedish Embassy in Managua 1986–88, Director of Sida's Department for Latin America 1991–93, Swedish Ambassador to Nicaragua 1993–97.

Mr. Johan Holmberg ()*, Director for Sida's Department for Agriculture (and Forestry) 1980–86.

Mr. Göran Holmqvist, Counsellor for Development Cooperation at the Swedish Embassy in Managua, 1996–98.

Mr. Jaime Incer, Minister of MARENA from the beginning of 1990 to November 1994.

Mr. Nils Jotland ()*, forester, consultant to FAO in Nicaragua already 1965–67, consultant to Sweden in Nicaragua 1975, Project Coordinator for Swedish-funded forestry activities in Nicaragua during the first years of the 1980s.

Mr. Eero Korhonen, Vice-President of Helsinki University Knowledge Services, the Finnish Consultancy Company in charge of foreign advisors to SFN and Adforest within MARENA during the period 1995–97.

Mr. Lasse Krantz ()*, independent consultant based in Sweden. Frequently consulted by Sida and the Swedish companies involved with the Forestry Programme. Member of Sida's external Monitoring Team 1996–97.

Mr. Erwin Krüger, Minister for External Cooperation, Nicaragua, 1990–96.

Mr. Antonio Lacayo, Prime Minister of Nicaragua, 1990–96.

Mr. Alejandro Latnez, Director of Adforest/MARENA from March 1995 to March 1997.

Ms. Gabriella Lindholm, Officer for Development Cooperation with Latin America at the Swedish Ministry for Foreign Affairs 1986–88, Head of the Secretariat for Latin America at Sida 1986–88.

Mr. Börje Ljunggren ()*, Director of Sida's Area Division 1984–86, Director of Sida's Regional Department for Asia and Latin America 1986–90.

Mr. Ulrich Lächler, Resident Representative of the World Bank in Nicaragua 1992–95 and again since 1998.

Mr. Göte Magnusson ()*, Swedish Ambassador to Nicaragua 1984–88.

Mr. Bertil Nilsson, forester, employed by the Swedish forest consultancy companies in charge of the Forestry Programme during several periods. Coordinator for the elaboration of the National Master Plan, 1983–86, advisor to MARENA 1992–94.

Mr. Tapani Oksanen, forester at the Finnish forest consultancy company Indufor, Team Leader for the external evaluation in 1992, advisor to/facilitator for MARENA and INATEC during the elaboration (in 1994) of the three-year plan for the period 1995–97.

Mr. Sergio Ramírez, Vice-President of Nicaragua 1979–90.

Mr. Amado Rayo, Director at the vocational forestry school, Intecfor, Nicaragua, since 1996.

Mr. Francisco Rodríguez, Project Director for Fondosilva at MARENA until June 1996.

Mr. Gustavo Sandoval, currently Sub-Director of INAFOR (the National Forest Institute), Nicaragua.

Ms. Anne Solís, external auditor with assignments for Sida regarding the Forestry Programme during the very last years (1996–97).

Mr. Roberto Stadthagen, Minister of MARENA since January 1997.

Mr. Bengt Säve-Söderbergh ()*, Under-Secretary of State for International Development Cooperation at the Swedish Ministry for Foreign Affairs, 1985–91.

Mr. Jerker Thunberg, forester, involved in the elaboration of the National Master Plan 1984–85, Coordinator for the Swedish-funded forest advisors in Nicaragua 1986–89, General Manager at the Swedish forest consultancy company Swedforest 1991–95.

Mr. Stefan de Vylder, economist and independent consultant based in Stockholm, author of numerous articles and analytical reports on Nicaraguan development.

Mr. Jaime Wheelock, one of the nine members of the Sandinista Party's National Directorate and all-through the period 1979–90, one of the country's most important Ministers, in charge of agrarian reform, agricultural development and renewable natural resources.

Mr. Francisco Zamora, National Coordinator on the Nicaraguan side for the Forestry Programme during the first years of the 1990s, Director of the Office for External Resources (Fondos Externos) at MARENA (in charge of the financial management of the Forestry Programme) 1991–95.

Mr. Nils Öström, Programme Officer in charge of the Forestry Programme at the Swedish Embassy in Managua from September 1996 to September 1997.

(*) Interview undertaken by telephone.

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