

Turning Disasters into Opportunities

**Swedish Contributions to Reconstruction & Transformation
in Central America after Disaster Mitch**

**A Review Commissioned by Sida
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Executive Summary

The scope and purpose of this Report

The present report provides an assessment of the two main components which constituted Sweden's contribution to the process of reconstruction and transformation in Central America after natural disaster Mitch, which struck the region in October 1998:

- (a) the Swedish post-Mitch package, totalling SEK 1.4 billion and covering a period of three years; and
- (b) Sweden's contribution towards donor coordination, increased partnership with Central America and follow up (through the Stockholm Declaration adopted at the CG-Meeting on Central America in May, 1999).

The main objective of this report is to inform (i) the Swedish Government and the general public; and (ii) partner countries and other development agencies about the results of the Swedish contribution. In addition, the report should also constitute an input for further discussion on how to improve Swedish (and international) support of a developmental character in post-disaster situations. The main assessment criteria for the Report consist of the guiding principles established by the Swedish Government in its decision on the post-Mitch package.

This Report was preceded by a *Mid-Term Review* covering the same themes and undertaken by the same consultant during the Fall of year 2000. For this Final Review, a second round of interviews, revision of documents and field visits were undertaken during the Spring of year 2002. The assignment has been carried out by private consultant Mr. Pierre Frühling.

Result I: The Swedish Mitch package

The conversion of the Swedish financial commitment of SEK 1.4 billion into defined and agreed contributions has proceeded at a fast pace. During the nine month period comprising October 1998 to June 1999, the overwhelming majority of all contributions were thus defined and agreed upon (over 80 projects totaling some SEK 1.1 billion), and by the end of August 2000 almost 60 per cent of the agreed amount had already been disbursed. By the end of December 2001, overall disbursements had reached 80 per cent and total agreements within the Mitch-package amounted to well over SEK 1.5 billion.¹

In quantitative terms Sida must thus be considered to have been very successful, concerning the velocity of project definition, preparations and start-up – factors which are generally of great significance in post-emergency situations. Furthermore, regarding the kind of implementing agencies represented, the Swedish Mitch package shows an interesting mix of actors with considerable participation not only from government institutions and private enterprises but also from NGOs, the UN system and other international bodies.

Regarding the geographical composition, activities in Honduras have accounted for almost half of total Swedish financial commitments; the corresponding proportion for Nicaragua is slightly more than one third; regional projects account for less than one tenth; whereas projects in Costa Rica, El Salvador and Guatemala together amount to some 5 per cent.

¹ Including SEK 140 million in debt relief.

Concerning the sectoral distribution, infrastructure activities (mainly roads and bridges) account for well over 50 per cent of total commitments. Comparing with the established guiding principles for the Swedish post-Mitch package it is observed that projects directly focusing on environmental aspects together correspond to only 6.5 per cent of the grand total. Furthermore, activities related to disaster prevention also show low levels.

According to the guiding principles for the special Swedish Mitch effort, one central aspect should be to ensure a longer-term and preventive dimension (resulting in reduced social and ecological vulnerability and an improved level of disaster preparedness) in the assistance provided. In this context, an attempt was made to estimate the degree to which this goal has been reached by analyzing the official background document supporting each project at the time of its approval.

The results of this analysis show that:

- projects approved several months after the disaster tend to have higher rankings regarding the longer-term and preventive dimension, but far from all projects approved at a later stage qualify for the highest ranking;
- projects with the highest ranking constitute slightly more than one third of all projects but in financial terms correspond to less than one fifth of the total commitment.

This relatively low proportion of projects with a definite longer-term and preventive approach to some extent contrasts with the guiding principles of the Swedish Mitch effort. The causes are most likely a combination of management issues and the accelerated rhythm of project definition and preparation.

Result II: The impact of the Stockholm Declaration

Largely due to a timely and concrete proposal from the Swedish Government, the Consultative Group Meeting in Stockholm in May 1999 on “*Reconstruction and Transformation of Central America*” carried several new dimensions. One crucial component in this context was the unanimous adoption of the so-called *Stockholm Declaration*, which contained a mutual commitment between the donors and the Central American Governments regarding priority areas and main principles for the region’s future development. It also created the basis for follow-up mechanisms regarding these commitments, including national mechanisms in Central America with active participation from the civil society.

For Costa Rica, El Salvador and Guatemala the Declaration has had little real impact, whereas in Honduras and Nicaragua it has become a crucial reference document to assess development, has given birth to follow-up mechanisms at different levels (including the following CG-Meetings on these countries) and has inspired continued and even broader joint efforts for the future.

In these two countries, the follow-up process has achieved substantial progress at least regarding the following areas:

- It has made results from the reconstruction and transformation projects known to the public and has contributed to the improvement of national development plans and strategies;
- It has facilitated a legitimate space for civil society participation in the elaboration of strategic national plans and vitalized and broadened public debate concerning what kind of development should be attempted;
- It has forcefully contributed to the improvement of overall donor coordination, with substantial progress at operative levels also;

- It has established a common framework for dialogue with national governments and also taken important steps towards creating a platform for consensus building regarding national poverty reduction strategies, linked to the HIPC initiative.

In achieving these results of far-reaching importance, Sweden has no doubt played a leading role. The Swedish initiative in this context rested on a knowledgeable assessment of ambitions both within the donor community and among major actors in Central America – and was well timed.

When it comes to improving conditions for a reduction of the countries' social and ecological vulnerability (the dimension of societal *transformation*), the composition of the Swedish post-Mitch package has carried relatively little weight. If, however, also Sweden's contributions through the establishment of the Stockholm Declaration and its follow-up mechanisms are included – then the total impact of Sweden's post-Mitch efforts regarding the facilitation of societal transformation in Central America must be assessed to have been considerable.

Selected issues for the future

(a) Coordination, policy dialogue and partnerships beyond “the Stockholm Process”

The G-6 must internally agree that the mandate from the Stockholm CG-Meeting does expire at the end of September 2002 and design all further activities departing from this understanding. Furthermore, preparations for the elaboration of a comprehensive “*G-6 Report*” should be initiated without delay. Finally, the G-6 should develop a combination of strategic initiatives in order to increase support for the transition of the “Stockholm Process” into the coming follow-up mechanisms related to the implementation of the national poverty reduction strategies in Honduras and Nicaragua. Achieving this goal will prevent the potential duplication of different mechanisms for coordination and follow-up, and will reinforce prospects for coordination at all levels. National governments in Honduras and Nicaragua should be given all support in order to take the lead in this new and unified mechanisms for coordination and follow-up.

(b) The Mitch package as a model?

The guiding principles and criteria established for the post-Mitch package were not only ambitious and innovative but have also shown to possess a high degree of relevance and should be used as an important reference point when designing Swedish contributions in similar situations in the future. However, the initially highly accelerated rhythm in the definition and elaboration of projects and contributions seem to have been hard to reconcile with principles concerning the long-term and preventive perspective. The pressure to rapidly fill the financial commitment with tangible projects had a certain negative impact regarding quality. This experience should be taken into account in the future by avoiding unnecessary haste, strengthening overall quality control and swiftly reinforce capacities at field-office level. A rapid but more profound assessment of Sida's organizational and management capacities seems warranted as part of the elaboration of similar assistance packages in the future.

Another essential task would be to dedicate more efforts to assess proposed Swedish contributions in relation to what is known about activities planned by other donors and in relation to Swedish comparative advantages. In general terms, areas which are already donor-dense (where, furthermore, the lack of coordination or absence of unified criteria tend to cause problems related to quality and sustainability) should be given less priority than the task to identify strategic and relatively under-attended areas where prospects for Swedish contributions can be judged to be propitious or at least reasonable. Such an approach could probably contribute to further improving the quality of Swedish efforts within the given national context.

(c) Integrate risk with the development and poverty reduction agenda

Central America is one of the world's most disaster-prone regions, and disasters generally hit poorer groups of people the hardest. Furthermore, international evidence clearly indicates that disaster prevention, mitigation and preparedness have good prospects of substantially reducing damage and deaths resulting from natural disasters in a short to medium-term perspective, providing protection for, not least, the poor. Experiencing a high degree of vulnerability vis-à-vis the forces of nature is also one important element generally mentioned by poor people themselves when giving their definition of poverty.

In spite of this, however, activities within these areas have not been a major priority for Swedish development cooperation in Central America – neither before nor after Mitch.

In the future, risk should be systematically integrated in Swedish development cooperation.

Within all disaster-prone partner countries an analysis of disaster related risks and potential remedial action should be incorporated as an important item in the elaboration of Sida's development cooperation strategies. Sida's portfolio of projects directly related to disaster prevention, mitigation and management should increase. Furthermore, "risk" should be incorporated as a core aspect within strategies for poverty reduction, to be systematically taken into account also when designing "normal" development projects aimed at poverty alleviation.

1. Introduction

1.1 Scope and purpose of the Report

The present report provides an assessment of the two main components which constituted Sweden's contribution to the process of reconstruction and transformation in Central America after natural disaster Mitch, which struck the region in October 1998.

The *first component* was the Swedish "Mitch package" – consisting of a wide range of Sida-financed post-emergency and development efforts – which was approved by the Swedish Government in January 1999, totaling SEK 1.4 billion and covering a period of three years. The *second component* was the launching of a mutual commitment between the donor community and the Central American Governments regarding priority areas and main principles for the region's future development. This mutual commitment, combined with the creation of a joint follow-up mechanism, got its official expression in the so-called *Stockholm Declaration* which was adopted at the closing ceremony at the special Consultative Group Meeting in May 1999 (in Stockholm) on international post-Mitch support to Central America.

The main objective of this report is to provide an analytical review concerning the achievements and shortcomings of the above mentioned Swedish post-Mitch contribution, with the purpose of informing (a) the Swedish Government and the general public; and (b) partner countries and other development agencies about the results. In addition, the report should also constitute an input for further discussion on how to improve Swedish (and international) support of a developmental character in post-disaster situations.

Among the central themes to be analyzed, according to the Terms of Reference for this assignment, the following merit special emphasis:

- (a) The relevance of the principles and criteria established for the special Swedish Mitch-package as compared to the situation in Central America;
- (b) To what extent has Sida succeeded in complying with these principles and criteria?;
- (c) To what extent has Sida achieved the expected production goals, in quantity as well as qualitatively?;
- (d) Assess the contribution provided by Sida regarding reconstruction as well as improved conditions for a reduction of social and ecological vulnerability in the region;
- (e) Assess the role played by Sweden and the Stockholm Declaration in increased donor coordination and the follow-up efforts regarding the mutual commitment between donors and Central American Governments;
- (f) Discuss general lessons of relevance for possible future Swedish efforts in similar post-disaster situations.

1.2 Methodology

This Report was preceded by a *Mid-Term Review* covering the same themes and undertaken by the same consultant during the Fall of year 2000.² The information gathered and the conclusions

² The Mid-Term Review was presented in two versions. One extensive report in Swedish for an internal audience ("Halvtidsöversyn avseende Sveriges stöd till Centralamerika efter katastrofen Mitch"; Frühling, 2000) and one abridged booklet version, published in Spanish and English, targeting the international public ("Mitch y Después"/"Mitch and After"; Frühling, 2001). Both versions are public documents and are available at Sida.

reached during the elaboration of the Mid-Term Review has constituted an important input and point of reference for the present Final Review. Both reports are based on the extensive analysis of relevant documentation, processing of financial data and interviews with a considerable number of involved Swedish officials as well as representatives from Swedish NGOs active in the Central American Region. Furthermore, two field trips to Honduras and Nicaragua have been carried out, in September 2000 (for the Mid-Term Review) and March 2002, respectively. During the field trips, selected projects were visited and assessed and interviews undertaken with Government representatives, representatives from civil society organizations and other major donors.³

The assignment has been undertaken by private consultant Mr. Pierre Frühling.

1.3 Acknowledgements

This assignment, as well as the preceding one, has been carried out at high pace and sometimes with considerable time constraint. It would thus have been an impossible task without the time provided and genuine interest shown by numerous officials and local staff at Sida as well as within national agencies and NGOs – in Sweden, Honduras and Nicaragua. My sincere thanks to you all. Special regards in this context are due to Mr. Ingmar Armyr at Sida HQ for his valuable contribution concerning the recompilation and analysis of written sources and financial data.

2. Reflections on Disaster Mitch

Ever since its destructive impact became known at the beginning of November 1998, “*Hurricane Mitch*” has become a dreaded concept, in Central America as well as internationally. Strictly speaking, however, it was not Mitch the hurricane which wreaked havoc on Central America, killed more than ten thousand people, made well over two million homeless and inflicted formidable destruction on the region’s infrastructure, agriculture and economic life.

The power of language over thought is considerable. The utilization of incorrect or inadequate concepts tends to affect our way of reasoning and may, ultimately, lead us to take the wrong action. Hence the following reflections on the nature and importance of disaster Mitch.

True is that “*Hurricane Mitch*” came into being when a tropical storm located over the ocean in the southern Caribbean on October 22, 1998, increased in strength and reached the wind speed required for a storm to be classified as a hurricane. Thereafter, its strength steadily continued to grow and on October 27th it had reached the maximum level on the meteorological hurricane scale.

It is also true that it was Hurricane Mitch which blew the wonderful little island of Guanaja on the Honduran Atlantic Coast almost to pieces, and that the very same tempest caused serious and typical hurricane damage in several coastal towns when it made landfall in Honduras on October 30th.

As Mitch came in over land, however, its wind speed rapidly decreased and the hurricane soon came to be re-classified as a deep tropical depression. It was this intense and almost stationary depression with its enormous rain-masses which caused the major part of the destruction. In less

³ Lists of persons interviewed and projects visited can be found in the Annexes.

than a week, Mitch unloaded volumes of rain which in many places corresponded to several years of normal precipitation. Worst hit was Honduras, and the northern parts of Nicaragua. The destructive impact of floods and landslides was particularly severe in traditionally low rainfall areas.

Thus, Mitch consisted mainly of very intense and prolonged rainfall and the damage caused was directly related to the torrents of floodwater which dragged down enormous amounts of earth, mud and stone, houses, roads and bridges. Mitch was, in other words, a flood disaster.

In only a couple of days, Mitch caused widespread and severe damage which it will take years, maybe decades, to overcome. Due to this fact, Mitch soon came to be seen as the moment of truth; a disaster which revealed and made visible the increased vulnerability of the Central American Region, vulnerability mainly due to accelerating social inequalities and environmental destruction.

To a large extent this is correct; the formidable destruction caused by Mitch was the result of a combination of man-made and natural disasters. This is, however, still not the full truth, which should be kept in mind in order to facilitate realistic strategies for disaster prevention and mitigation. Without belittling the importance played in this context by environmental destruction and poverty, we should not ignore the fact that Mitch was in no way a “normal” tempest. Mitch was a real worst case; similar rainfall has not hit Central America during the last 200 years and is not likely, according to most researchers in this field, to recur more often than this in the future.

The lessons learned from Disaster Mitch must of course be utilized in order to elaborate measures aimed at reducing the high degree of social and ecological vulnerability which currently characterizes Central America. To prepare to resist a phenomenon of the magnitude of Mitch is hardly realistic, however, and may lead to over-ambitious plans which remain on paper only. Instead, coherent and feasible actions aimed at increasing preparedness and reducing vulnerability related to the occurrence of more frequent violent natural phenomena is urgently needed.

Disaster Mitch clearly showed the need for societal transformation in Central America, a profound change towards the reduction of poverty, increased democratization and a less destructive use of the region's natural resources. The destruction caused by Mitch has thus given birth to a long-needed and highly relevant discussion within the affected countries regarding how best to achieve “development” and what kind of development that should be attempted.

Achieving socially and ecologically sustainable development is, however, a very long-term process and also highly industrialized countries (like USA, Sweden or Japan) are now and then hard hit by natural disasters. Furthermore, the fact that natural disasters in such countries generally do not cause considerable losses in human lives is not only due to less poverty or more sustainable patterns in the use of natural resources. It also depends on higher levels of disaster preparedness and organization.

To concentrate on “development” is – in other words – not enough and not very efficient if the goal is to, within a reasonable period of time, achieve reduced vulnerability and confine the level of destruction (particularly regarding human losses) from tomorrow's violent natural phenomena in Central America. Other kinds of measures will also be needed, measures more directly related to disaster prevention, preparedness and mitigation. When undertaking the Mid-Term Review concerning the Swedish post-Mitch support, it therefore came as a surprise that this kind of preventive measures at that point in time (towards the end of year 2000) had still been

almost forgotten or given low priority only – within the portfolios of almost all major development agencies.

Since then, more interest has been shown in disaster prevention and mitigation and several efforts of certain magnitude are now being developed in Central America. Considerably more needs to be done, however – and in a coordinated fashion. International evidence clearly indicates that well-designed and locally based prevention and preparedness activities have good prospects of providing protection – not least for the poor – from natural disasters also in a short to medium-term perspective.

Measures within the field of disaster prevention and preparedness therefore fit well into the efforts towards reconstruction and societal transformation and merit both a more systematic approach and higher priority. At the same time, several studies have recently shown that the poor themselves generally include "vulnerability" as an important element in their own definition of poverty. Thus, "traditional" development projects – particularly in rural areas – must no longer fail to duly integrate aspects of ecological vulnerability in their design.

3. An Innovative Approach

3.1. Introduction

The Swedish response to the destruction and suffering caused by natural disaster Mitch was prompt and energetic and also involved considerable financial commitment.

Less than two weeks after the disaster, Sida officials and Swedish consultants were already active in the affected area and during the fall of 1998 Sida's Director-General made a field visit to Honduras and Nicaragua. Preparations for Swedish contributions and projects started immediately and before Christmas Sida's Department for Latin America solicited the approval of the Government for a special Mitch related assistance package amounting to SEK 1.4 billion over a period of three years.⁴

As early as January 1999, Government had given its approval. A few weeks later a special "Mitch Coordinator" was in full action at Sida Headquarters and a cross-sectoral working group (with the participation of most technical divisions) was established. Furthermore, following extremely swift procedural and preparatory work, a Sida office was opened in Tegucigalpa during the spring of 1999 to manage the rapidly increasing level of Swedish reconstruction and development projects in Honduras.

The rapid pace of the preparatory work and the magnitude of the Swedish post-Mitch commitment were possible due to several propitious and interrelated factors. *Firstly*, Swedish knowledge regarding Central America was extensive and close relationships already existed with most of the major actors in the countries affected. *Secondly*, Sida received full and very explicit support from the Swedish Government for this major undertaking and, *thirdly*, substantial and hitherto uncommitted financial resources were available within Sida's budget; the special post-Mitch effort could thus be

⁴ In December 1998, 1 USD was almost equal to 8 SEK. At the time of writing, three years later, 1 USD corresponds to approximately 10.60 SEK.

financed without any reprogramming of other (signed or planned) Swedish commitments in other parts of the world.

These circumstances also paved the way for the proposal from the Inter-American Bank (IDB) in December 1998 that Sweden would host the next Consultative Group Meeting on Central America in May 1999, where national plans from the affected countries were to be presented to the international donor community. Sweden's affirmative response to this proposal meant that Sida's preparatory work concerning the special post-Mitch package continued to receive full support both from the executive level and from the Swedish Government.

3.2 New approaches concerning content and organization

The framework of this major Swedish undertaking consisted of a combination of principles and criteria which were considerably innovative as compared to traditional disaster related efforts. The guidelines for the Swedish Mitch package⁵ constituted an ambitious attempt to make operational the general platform for so-called "*developmental humanitarian assistance*" which had recently been elaborated within Sida. They were also in line with the spirit of the first Consultative Group Meeting after Mitch (in Washington, December 1998) where it had been stressed that "reconstruction" must now be combined with "transformation", in order to reduce social and ecological vulnerability within the countries affected.

On a general level, the innovative character of the Swedish Mitch package may briefly be summarized as follows:

- (a) Although it was clearly disaster related, activities should not be confined to the short-term only. Emergency activities should be designed with a broad vision and with a longer-term perspective in mind, and should be combined with projects related to both reconstruction and societal transformation in order to reduce poverty and vulnerability. The package should possess an integral approach; responding to immediate needs but also containing a longer-term, preventive dimension.
- (b) This combination of activities, aimed at an integrated effort, required that the package should mainly not be managed as a traditional disaster or emergency effort. Projects should generally be handled not by Sida's special section for emergency assistance but by the regular technical and geographical departments.

To achieve this kind of integrated effort a high degree of coordination and steering was obviously required. This was to be guaranteed by (a) the adoption by Government of the special guiding principles for the post-Mitch package; and (b) the performance of the full-time Mitch Coordinator and the cross-sectoral working group at Sida.

Today, when all the actors within Sida long seem to agree on the relevance of these guiding principles for the special Swedish Mitch effort, it should be noted that initially they were not at all self-evident and even met with some in-house resistance. This reluctance was not of a principled character, though, but more related to what was seen as the "efficiency" of each and every division. In other words, an integrated Mitch package was perceived as something which could "upset" the timely implementation of already ongoing projects. It also went against traditional in-house routines where disaster or emergency relief was handled by Sida's special division for such matters, without "disturbing" other units.

In other words, the guiding principles and new organizational set-up for the implementation of the Swedish Mitch package did not come about automatically but required, at least initially, innovative

⁵ For an abbreviated version of these guidelines, see Box 1 on page 13.

thinking and a sizeable proportion of courage and determination. Whereas some of the principles were already well-known (at least in principle), others definitely represented fresh ideas. The combination in itself was innovative – as was the fact that these principles now were to be directly applied for the design of a sizeable package that were to be implemented at a high pace.

Soon, however, this new approach was to become more than accepted and in general terms the implementation phase was characterized by an unusually high level of enthusiasm and team spirit. Within less than nine months after the disaster, by mid 1999, the major share of the approved financial frame of SEK 1.4 billion had already been committed to defined and agreed projects in Central America.

Box 1: Guiding Principles for Sweden's Special post-Mitch Support

In somewhat abbreviated form, the seven general principles proposed by Sida (and later approved by the Swedish Government) were as follows:

1. *Long-term, a comprehensive approach and the target group in focus.* At the earliest possible stage we should plan for emergency assistance and development cooperation in a long-term view. We must obtain a clear and differentiated picture of the target groups and define how their knowledge, resources and capabilities can best be used. Projects involving a large degree of local participation should be given high priority. A comprehensive view that embraces considerably more than the disaster and its immediate effects must be applied.
2. Assistance should be characterized by *an awareness of societal processes and the risks of conflict.* Mitch was a natural disaster but social, demographic and ecological factors contributed to the magnitude and pattern of destruction that occurred. Mitch also struck a region where wounds from prolonged armed conflicts still are healing and where institutions often are fragile. Cracks in the structure of society often become visible after disasters. Attention must be paid to these circumstances. Transparency must be emphasized and there should be a readiness to strengthen institutions. Development cooperation projects should involve all actors in society and contribute to a constructive relationship between the state and civil society. Municipalities and other local actors should be strengthened and tendencies towards centralism counteracted.
3. As far as possible, *development cooperation must be planned with the need for prevention in mind.* Central America is one of the regions in the world that is hardest hit by natural disasters of different kinds and large-scale catastrophes occur practically every decade. Prevention must therefore be taken into account within all projects, searching for alternatives and also investing in know-how regarding what really happened and why – in order to decrease vulnerability.
4. As far as possible, *development cooperation should make use of instruments and channels that are already known and tested.* This reduces the risk of failure, facilitates the connection between short and long-term measures and enhances continuity within our cooperation areas so far. Sida already has a project portfolio in the affected countries which, to a considerable extent, can respond to both immediate and more long-term needs caused by the disaster, often with only minor adjustments.
5. There must be *no watertight bulkheads between "disaster relief" and other forms of development cooperation.* As far as possible, projects should be dealt with by the regular sector departments (within Sida) in a way that combines the current situation's need for flexibility and speed with a long-term development perspective.
6. We should *ensure decentralized work methods, adapted to the needs of each country.* The depth and extent of our local experience should influence the choice of instruments and channels. Sweden should be present in the affected countries as a sensitive, well-informed and flexible donor.
7. We must make the most of *the positive opportunities for re-thinking, reconsideration and innovations to be found in the aftermath of the disaster.* This could imply bringing sustainable development to the fore, giving priority to the importance of prevention and developing new thinking regarding regional cooperation. We must also prepare for innovative solutions to the debt situation in Nicaragua and Honduras, which was already unmanageable before Mitch. Finally, we must also support and actively contribute to new and more effective forms of donor coordination.

3.3 Achievements and shortcomings in the project definition phase

The efforts undertaken by Sida to convert Sweden's post-Mitch commitment of SEK 1.4 billion into concrete projects and activities can be divided into two separate periods, characterized by significantly different conditions.

Firstly, the six-month period immediately after the disaster, characterized by a very high pace concerning project definition, almost unlimited access to financial resources, and widespread enthusiasm. *Secondly*, the period after the establishment of the so-called “disbursement ceiling” in April 1999, a period when project definition no longer was at the top of the agenda but most efforts had to be dedicated to safeguarding already agreed projects, reprogramming planned disbursements and – in several cases – postponing preparations for projects in the pipeline (sometimes already agreed upon in principle).

3.3.1 The period of rapid expansion

The first of these two periods was decisive when it comes to the overall composition of the package resulting from Government's SEK 1.4 billion commitment; during this phase the major part of the financial frame was allocated to defined projects and activities.⁶ This period is still remembered by most Sida officials as a time of enthusiasm and intensive work – with the explicit support from Government the agency became involved in a joint effort of magnitude and importance and was responding to widely publicized needs (the post-Mitch situation had been given abundant coverage in the media). For the first time in many years, media reports on Sida-financed activities dealt with serious matters and held a positive tone; Swedish international development cooperation was something to be proud of.

However, when undertaking interviews for the Mid-Term Review, a considerable number of Sida officials (at various levels and within different departments) also told this consultant about some less positive features during this period: (a) a tangible pressure to rapidly come up with project ideas and thus “show result” concerning the conversion of the financial frame into concrete action; (b) the absence of truly cross-sectoral initiatives; and (c) the increased importance of Sida HQ vis-à-vis the agency's field offices.

The first of these features – which comes close to the so-called “disbursement target” in more normal times – was seen as understandable (due to the publicity concerning Mitch and Sweden's sizeable commitment) but potentially detrimental to complying with quality standards and the guiding principles, especially concerning the elements related to a long-term and preventive perspective. The second aspect refers to the fact that whereas the cross-sectoral working group played a highly important role for swift exchange of information and for administrative coordination, it never advanced to facilitate joint undertakings (of a multi-sectoral character) or “across-the-border” comments regarding proposed projects.⁷

The last feature has two main components: (i) the expansion of administrative capacities at Sida-Stockholm as compared to the field offices (Honduras and Nicaragua); and (ii) the degree of consultation undertaken between Sida-Stockholm and the field offices concerning certain project decisions. Concerning the first part, reinforcement was swiftly undertaken at HQ and in Honduras (where a new field office was established within a remarkably short period of time), whereas project preparation and administrative capacities within the field office in Nicaragua got no reinforcement

⁶ For statistics related to the amount of decisions and resources committed during different periods in time, see further section 4.1 of this Report.

⁷ In the opinion of this author, however, such a role could hardly have been fulfilled by this working group. Not only because of time constraint but – mainly – due to the fact that Sida's core organization is characterized by sectoral perspectives, often resulting in sector-driven initiatives, making multi-sectoral undertakings prohibitively cumbersome and therefore rare exceptions.

until late in 1999. Regarding the second part, it is probably fair to say that concerning certain project decisions the degree and intensity of consultation between Stockholm and the field was lower than in “normal times”. It seems fair to assume that this reduced the level of first-hand contextual knowledge available for the assessment of these projects and their design.

Whether these less positive features of the first and very expansive period of project definition did in fact have some detrimental impact concerning the approach and quality of launched activities will, to some extent, be dealt with in the subsequent chapters.

3.3.2 Pulling the brakes – the period of the disbursement ceiling

In the first half of April 1999, all departments within Sida were informed about Government’s decision on establishing an absolute ceiling for the disbursements of each ministry and governmental agency for the rest of year 1999. For most ministries and agencies this decision, which was due to macro-economic and financial considerations, came unexpectedly and created varying degrees of adjustment problems. For Sida – where a new and stricter financial planning system were being introduced and where the lion’s share of hitherto unallocated funds had already been committed through the post-Mitch effort – the decision created an outright emergency situation.

The impact was particularly serious for Sida’s Department for Latin America (RELA), where all efforts now had to be concentrated on “crises management”. Mutually agreed disbursement plans within projects already being implemented had to be suddenly revised, causing not only surprise but also serious problems for partner institutions. The starting-up of several other, also agreed projects, had to be postponed and preparations for more long-term projects were put on hold until the “financial horizon” had become clearer. On the other hand, some earlier decided projects to be financed within RELA’s ordinary portfolio were now – when applicable – re-classified as post-Mitch activities in order to save them from serious implementation delays.⁸

All officials interviewed for these Reviews express outright horror when remembering this period and several of them, particularly at the level of Ambassador or Head of Department, emphasize the need not to forget the negative consequences that were generated by this situation – in order it never be repeated. During this period, confidence in Sida (and Sweden) suffered considerable damage among new and traditional partner institutions and organizations in Central America who had trouble in understanding the reason for these sudden revisions and changes of mutually agreed plans.

For the Swedish Embassies and Sida’s field offices, this period no doubt was somewhat of a nightmare. In the case of Nicaragua it was further worsened by sudden reductions of the administrative budget, implying that the Embassy lost the possibility of employing short-term extra staff and had to cut back significantly on regional travelling – both items highly needed during this hectic period (when preparations for the Stockholm CG-Meeting also were at its peak). Within Sida, much of the earlier enthusiasm was lost as staff had to leave project preparations and creative thinking aside and concentrate instead on repeated re-calculating (at the beginning almost on a daily and then weekly basis) of available funds and finding solutions – often of a hitherto unthinkable character – to the new financial situation.

Within less than six months the most critical period of the emergency created by the disbursement ceiling was over, but financial constraints continued to influence Sida’s activities until the beginning of year 2001.

⁸ These re-classified projects no doubt complied with the established criteria for the special post-Mitch efforts and dealt with activities within fields of priority. Nevertheless, this re-classification contributed to reduce the financial space for future (generally more long-term) projects within the post-Mitch package.

4. Result I: The Swedish Post-Mitch Effort

4.1 Overall composition and characterization

The Swedish response to disaster Mitch was prompt not only regarding the announcement of the overall financial commitment of SEK 1.4 billion; the conversion of this commitment into defined and agreed contributions also proceeded at a fast pace. By the end of August 2000, total agreements regarding Sida-financed Mitch-related projects and activities amounted to SEK 1.3 billion, corresponding to over 90 per cent of the overall SEK 1.4 billion financial frame approved by Government for a three-year period.⁹ By the same point in time, a total of SEK 766 million (or almost 60 per cent) had already been disbursed.

The following two tables present an overall view of the special post-Mitch effort at the end of the three-year period, related to disbursement rates as well as the geographical and sectoral composition.

Table 1: Geographical composition of the Swedish post-Mitch package (in SEK million; by December 31, 2001)

	Costa Rica	El Salvador	Guatemala	Honduras	Nicaragua	Regional	TOTAL
Agreements	9.0	26.3	39.5	671.0	497.8	129.7	1,373.3
Proportion of total agreed	0.6%	1.9%	2.9%	48.9%	36.3%	9.4%	100.0%
Disbursed in SEK	5.0	15.2	32.6	610.7	333.3	96.7	1,093.5
Disbursed in % of agreed	55.5%	57.8%	82.5%	91.0%	66.9%	74.5%	79.6%

Note: The amount allocated for balance-of-payments support has not been included.

In general terms, activities in Honduras have thus accounted for almost half of total Swedish financial commitments; the corresponding proportion for Nicaragua is slightly more than one third; regional projects account for less than one tenth; whereas projects in Costa Rica, El Salvador and Guatemala together amount to some 5 per cent. By December 31, 2001, total disbursements had reached almost 80 per cent of agreed commitments and for most countries disbursement rates have been high, with Honduras reaching over 91 per cent. The most notable exceptions in this context are presented by activities in Costa Rica and El Salvador, where disbursement rates (and thus implementation) have been relatively low and still amounts to less than 60 per cent. Finally, it can also be observed that project implementation rate in Nicaragua has been under average and considerably slower than in Honduras.

To make an adequate sectoral classification of projects and activities always constitutes a tricky undertaking; so also in the case of Sweden's post-Mitch package. The following table should thus not be taken as the exact truth but can be considered to give a reasonably accurate overview of the general proportions. All figures in this table relate to total disbursements (not agreements).

⁹ Including SEK 140 million in balance-of-payments support. Please note, that in Sida's later statistics this category has been excluded from the post-Mitch package.

**Table 2: Sectoral composition of the Swedish post-Mitch package
(disbursements in SEK million; by December 31, 2001)**

	Infra- structure	Social	Natural	Democracy Resources	Other and HR	TOTAL
<i>Disbursements</i>	746.0	93.5	126.0	98.9	44.0	1,1108.4
<i>Proportion of total disbursements</i>	67.3%	8.4%	11.4%	8.9%	4.0%	100.0%

Notes: (a) *Infrastructure* comprises infrastructure, urban development and trade.

(b) *Natural resources* in this classification includes several major projects of a rural rehabilitation and/or development character, with an indirect NR-linkage only.

(c) The grand total of this table differs SEK 14.9 million from Table 1, as it includes some additional activities whose initial classification unfortunately is unknown to the author.

The table above clearly indicates the weight given to infrastructure activities, mainly roads and bridges, which account for more than two-thirds of total disbursements so far. However, this proportion is to some extent related to the high disbursement rate (at least in Honduras) concerning infrastructure projects and is thus likely to be reduced when other sectoral activities are catching up. The calculations contained in the Mid-Term Review (with figures from the end of August 2000) showed – if balance of payments support is excluded – a proportion of 53% for infrastructure as related to total *commitments*. Since then, the general composition of commitments has not changed significantly.

A detailed analysis of commitments within the natural resources sector shows that projects directly focusing on environmental aspects account for a very reduced amount only. At the end of August 2000, such activities within the Honduran component corresponded to only 3 per cent of the total amount, in the case of Nicaragua the figure was 4.5 per cent and within the regional component 15 per cent – thereby providing only SEK 90 million or some 6.5 per cent of total commitments covered by the post-Mitch package.

In Sida's proposal to the Government concerning the tentative composition of the special post-Mitch effort, the component related to "rural development and the environment" had been estimated to some SEK 140 million. This proportion was considered too low by the Government, and in the decision Sida was thus instructed to give more emphasis for activities related to the environment. Obviously, this has not happened. In this context, it should furthermore be mentioned that figures regarding activities related to direct disaster prevention have also been low, totaling some SEK 50 million all in all.¹⁰

Another aspect of interest when reviewing this major Swedish undertaking is the distribution over time of decisions concerning activities financed by the post-Mitch effort. For this purpose, project decision documents have been revised and classified according to its period in time. The following figures illustrate the number of decisions as well as the financial commitments made within each time period.

¹⁰ The figures given above relate to August, 2000. Since then, however, the proportions have not been substantially changed.

Figure 1: Number of project decisions per time period

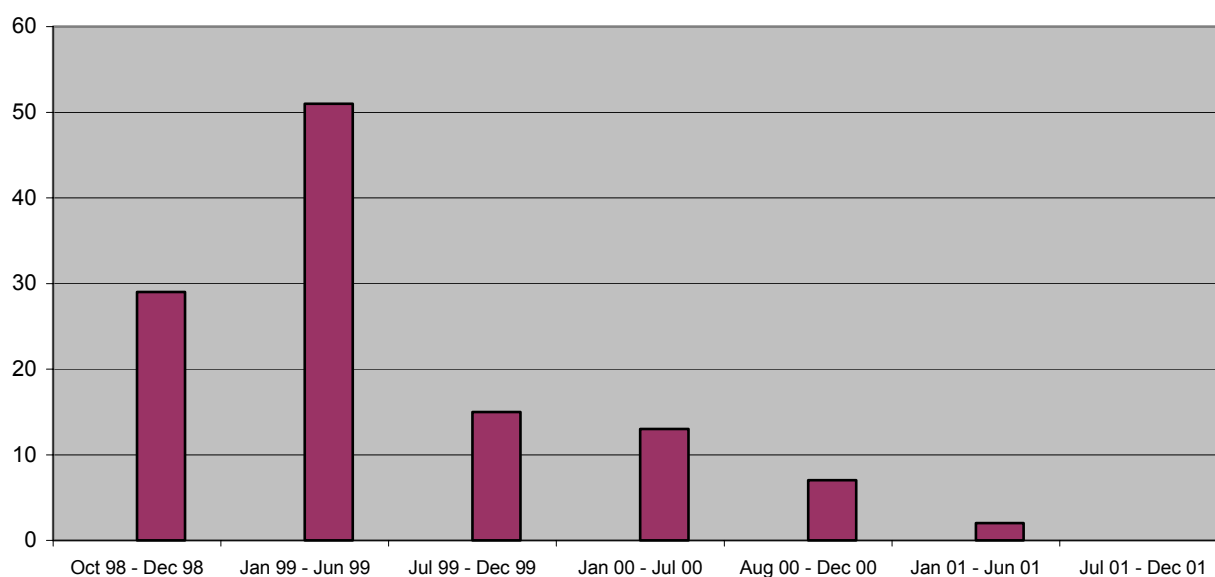
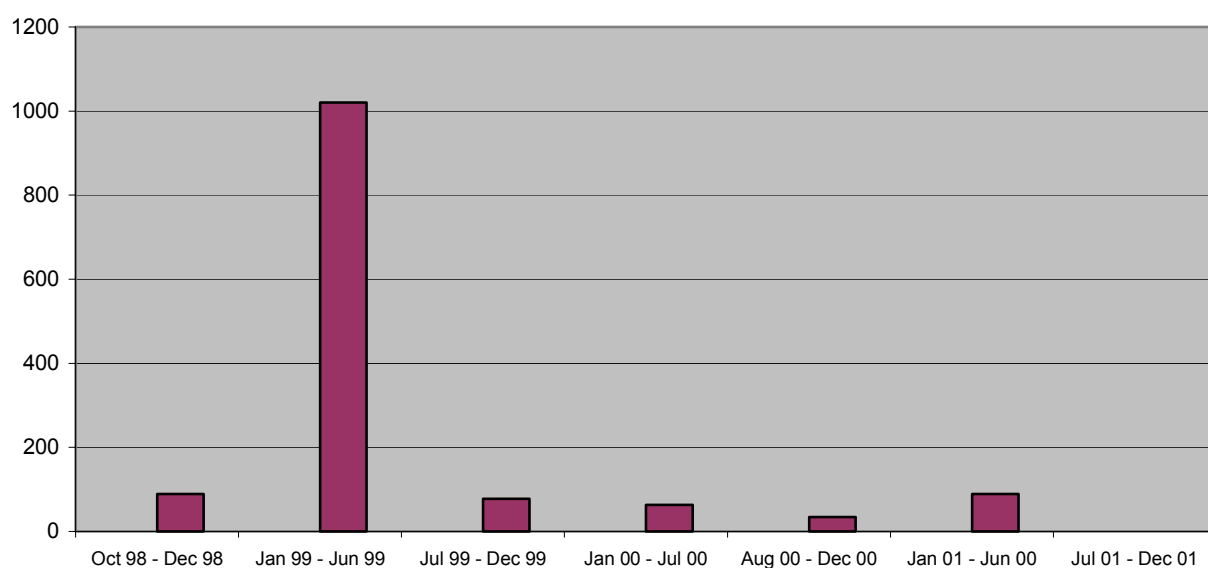


Figure 2: Amount of financial commitments per time period (in SEK million)



These two figures provide a striking graphic expression of what has already been touched upon in this report – the initially very high pace at which project definitions were undertaken, rapidly converting the Swedish commitment into agreed activities. During the nine month period comprising October 1998 to June 1999, the overwhelming majority of all contributions were thus defined and agreed upon (over 80 projects totaling some SEK 1.1 billion). During the following 12 months less than 30 new projects, totaling SEK 140 million, were approved. In addition, the speed of project preparation and start-up was generally advanced, as reflected by disbursement figures.

In quantitative terms Sida must thus be considered to have been very successful, concerning the velocity of project definition, preparations and start-up – factors which are generally of great significance in post-emergency situations. Furthermore, regarding the kind of implementing agencies represented, the Swedish Mitch package shows an interesting mix of actors with considerable participation not only from government institutions and private enterprises but also from NGOs, the UN system and other international bodies. Concerning the total number of Sida-financed projects, the major share (some 50 projects) corresponded to NGOs, whereas in financial terms more than 50 per cent of the total SEK 1.4 billion commitment was implemented through private Swedish enterprises (roads and bridges).

But to what degree did Sida also succeed in complying with the innovative quality aspects contained in the guiding principles of the Swedish Mitch package? According to these principles, one central aspect should be to ensure a (resulting in reduced social and ecological vulnerability and an improved level of disaster preparedness) in the assistance provided.

In an attempt to address these aspects, an assessment of the official background document supporting each project at the time of its approval has been undertaken within the scope of both the Mid-Term and the present Final Review. A scale from 1–3 has been utilized, where (1) indicates that longer-term and preventive dimension is absent or of insignificant weight; (2) indicates certain presence of these aspects, and; (3) corresponds to projects where these aspects have a high degree of presence.¹¹ All in all, a total of 117 projects were analyzed in this manner, of which 17 projects were excluded as their purpose was considered out of context for this exercise.¹² The total financial commitment for all projects categorized amounted to some SEK 1.2 billion. The tables below illustrate the overall results of this analysis.

Table 3: Number of projects according to long-term and preventive content, per sector

Sector	Category 1: <i>Absent or insignificant</i>	Category 2: <i>Certain presence</i>	Category 3: <i>High degree of presence</i>
<i>Emergency relief & hum. assistance</i>	18	10	0
<i>Infrastructure</i>	6	2	3
<i>Natural resources</i>	1	7	24
<i>Social</i>	3	10	10
<i>Other</i>	1	0	5
TOTAL	29	29	42

¹¹ The author wishes to thank Mr. Ingmar Armyr for undertaking this important and time-consuming analysis of project documents.

¹² These projects were mainly related to (a) balance of payment support; and (b) capacity strengthening within Sida and its field-offices.

**Table 4: Financial commitments according to long-term and preventive content, per sector
(in SEK million and per cent)**

Sector	Category 1: <i>Absent or insignificant</i>	Category 2: <i>Certain presence</i>	Category 3: <i>High degree of presence</i>
<i>Emergency relief & hum. assistance</i>	16.360	23.982	0
<i>Infrastructure</i>	695.207	19.742	20.753
<i>Natural resources</i>	0.066	32.178	200.246
<i>Social</i>	29.185	90.395	41.496
<i>Other</i>	0.060	0	35.737
<i>TOTAL in MSEKTOTAL in %</i>	<i>740.861.5%</i>	<i>166.313.8%</i>	<i>298.224.7%</i>

Summing up, projects with the highest ranking concerning long-term and preventive content, constitute slightly more than one third of all projects but in financial terms correspond to less than one fifth of the total commitment. Not surprisingly, a detailed analysis also shows that projects approved several months after the disaster tend to have higher rankings – but far from all projects approved at a later stage qualify for category 3.

This relatively low proportion of projects with a definite longer-term and preventive approach to some extent contrasts with the guiding principles of the Swedish Mitch effort. The weight given to infrastructure (particularly roads and bridges) obviously is part of the explanation, but even if such projects are excluded the results from this categorisation are somewhat surprising. One causal factor in this context may be the accelerated rhythm of the project definition phase and subsequent preparations for implementation.

4.2 Brief assessments of selected projects

4.2.1 Introduction

For the Mid-Term Review, a total of 9 different projects (5 in Honduras and 4 in Nicaragua) were selected for on-the-site visits and further analysis through available documents and interviews with key personnel. This selection was carried out in consultation with Sida's Department for Latin America and involved field-offices, with the intention of achieving a reasonably representative sample according to the following criteria:

(a) *Sector/theme:*

- infrastructure and reconstruction
- reduction of vulnerability
- democracy, good governance and decentralization

(b) *Financial magnitude:*

- small-scale projects (up to SEK 10 million)
- larger projects

(c) *Implementing agent:*

- Swedish authorities
- Swedish enterprises
- NGOs (in Sweden and locally)
- Governmental or national institutions in partner countries
- Agencies belonging to the UN-system and similar organizations.

For the present Final Review, it was agreed that re-visiting projects which had been assessed during the Mid-Term Review would be awarded priority. However, in a few cases a second visit was considered either unnecessary (because of project termination) or not feasible due to time constraint. In order to increase the representativity of the sample, some new activities were then added for on the site visits and closer assessment. The following pages of this chapter contain brief assessments of most projects visited by the author during the period September 2000 to March 2002.¹³

4.2.2 Reconstruction of roads and bridges

In this section, the component relating to the reconstruction of bridges in Honduras will be assessed. A brief overall comment is also made concerning the corresponding component in Nicaragua.

The *Honduran component* comprises the reconstruction of 11 bridges at locations of strategic importance within the country's primary road system. The total agreed commitment amounts to over SEK 400 million, which makes this project the single largest component of the Swedish Mitch package.

The project modality is of a turnkey character and responsibility for implementation rests directly with Swedish engineers (Sweco) and constructors (Skanska), who work in close collaboration with the Honduran Ministry for Public Works (SOPTRAVI). Considering the importance of the primary road network for the country's economic recovery as well as for transports related to other reconstruction projects, Sida decided to utilize fast-track and simplified procurement procedures for the contracting, a fact which most likely saved well over half a year in start-up and implementation time.¹⁴

Works within the project from the very beginning advanced at an impressive rate, even outpacing the initial (and rather optimistic) time schedules by quite some months. At the time of the Mid-Term Review in September 2000, several major bridges had already been completed and re-opened, even for heavy traffic. By the end of year 2001 all bridges had been completed – three

¹³ A few cases have been excluded from this report, due to the lack of updated information and/or because of insufficient basis for the delivery of a concrete judgment. For complete information concerning projects visited and/or more closely reviewed, see the Annexes.

¹⁴ For procurement purposes, the Swedish commitment for rehabilitation of roads and bridges was first divided into two packages – one concerning Honduras and the other regarding Nicaragua. Next, whereas the engineering services (design and supervision) were procured through competitive bidding procedures (within Sweden), contracts for the construction part were directly negotiated with two pre-selected Swedish companies estimated to have the capacity and experience for such undertakings. These negotiations were largely based on the proposals and estimations presented by the winning engineering companies.

months ahead of the stipulated latest date and at a total cost considerably lower (SEK 23 million) than allowed in the budget. So far, the simplified procurement procedures utilized for this component seem to have been perfectly compatible with high construction standards and competitive cost-levels.

Whenever the reconstruction of a specific bridge implied changes in the original location of a bridge, standardized environmental impact studies were undertaken. At all bridge locations, open information meetings were also arranged with stake-holders and the local population before major works started, sometimes leading to interesting discussions regarding pros and cons and even resulting in modifications of the proposed design. One case in point is the bridge called Perla (in the northern part of the country), where objections from the local population, presented at an open meeting, led to major changes regarding the location initially proposed by the project's technical consultant for the new bridge.

The only question marks regarding the project as a whole concerns the absence of an institutional component related to the strengthening of the national maintenance system and the lack of a more systematic transfer of know-how related to the design and construction phases (including systems for quality assurance such as ISO 9000/14001 etc), which most likely would have been of value as an input for improving norms and procedures for future works of a similar kind in the country. Whereas the first aspect was left out of the general project design as a somewhat logical consequence of the project's turnkey and short-term character (probably in combination with the accelerated pace of the start-up phase), the second one could, no doubt, have been addressed by Sida.

Overall, achievements within this major component must be assessed to have been very successful, producing a rapid and significant impact on the rehabilitation of the country's transport system and thereby substantially contributing to national economic recovery. In addition, the performance of the companies in charge of project implementation has generated a very tangible and significant level of good-will for Sweden and Swedish enterprises.

Concerning the *component in Nicaragua* – comprising the reconstruction of 43 kms of road and 6 bridges (whereof one major bridge), along the road connecting Nicaragua with Honduras – performance so far has been disappointing. The project – with current Sida agreements totalling some MSEK 265 – has been seriously delayed and will most likely not be terminated before the end of year 2002.¹⁵ (The initial final date was set at 15 December 2001.)

Furthermore, costs have risen significantly (at least in the order of several tens of millions SEK). So far, the major share of this increase is due to the substantially negative currency development (USD/SEK) during the last years, but still unresolved and serious quality problems may cause even higher (and real) cost increases.¹⁶ In this case, the Swedish companies involved (Hifab and NCC) have, for unknown reasons, been unable to resolve the technical problems in a smooth and swift manner, thereby creating conflicts which have contributed to the delay and cost-increase. During the author's visit to the country, high-level representatives of the Nicaraguan Ministry of Transport (MTI) expressed their deep concern and their feeling of a lack of control (MTI being the national signing part to the contract).

Future evaluations will, among other themes, hopefully also address whether this unsatisfactory performance bears any relation to the simplified procurement procedures or not. Another aspect of

¹⁵ This project is co-financed with the Nordic Development Fund and total costs are estimated to some SEK 280 million.

¹⁶ The extra cost for reparations may, according to some estimates, amount to SEK 50 million.

interest in this context, would be to assess Sida's model for the administration of both these projects which has been directly lead from HQ in Stockholm, thereby implying less involvement and powers for Sida's local field offices.

4.2.3 Housing projects

This section starts with some contextual information and a characterization of the difficulties experienced within this field. As a concrete illustration, it then proceeds to briefly review different housing projects in Honduras and Nicaragua undertaken by actors of different kinds.

Due to the extensive flooding and landslides caused by disaster Mitch, some 2.5 million people are estimated to have been made homeless all over the region, whereof the major part in Honduras. After a period in emergency shelters, most families were able to return to their (often badly damaged) homes to start reconstruction. However, for a significant number of families returning was simply not a viable alternative as their houses had been completely buried or swept away and, most importantly, because the settlements where they once lived were located in extremely flood-prone and vulnerable areas.

Both in Honduras and Nicaragua, demand for housing projects was consequently high ever since the beginning of November 1998, and the Swedish Mitch package includes several projects and components within this field, amounting to well over SEK 50 million.

The context and design of these projects vary widely, and they are implemented by a whole range of different agencies – from NGOs and already existing projects for local development to national institutions and international organizations. All housing projects with Swedish financing share two common features, though: *(i)* houses built all meet good standards, and; *(ii)* they all include at least a certain level of local (individual and/or community) participation in the construction work. Some projects also include an individual credit, to be repaid as a regular loan but at more favorable interest rates. The resulting recovery of funds is to be used for further housing projects or for local development purposes.

Concerning the housing projects related to construction of new settlements, some have been very successful whereas others (to a varying degree) have experienced the same basic difficulties: *(a)* to obtain new land located in suitable areas and with clearly defined tenancy conditions, enabling the new inhabitants to acquire a full legal title, or; *(b)* to get the basic infrastructure (roads, drainage, water, electricity and, for isolated areas, also schools) in place within a reasonable period of time so as to make the new settlements habitable and facilitate a decent living for the population.

In other words: building the houses has, in these cases, often been less of a problem; making the new settlements habitable and functioning has instead shown itself to be a very difficult and slow process.

In some cases, excellent new houses have been built but the basic infrastructure – generally a commitment from the national counterpart – has been seriously delayed, thus making the areas virtually uninhabitable. In other cases, equally good-standard houses have been built – but on land not suitable for settlements or without secure title for the new inhabitants.

Reasons are manifold but include factors such as the absence of a functioning cadastral system, increasing land prices in post-disaster periods, limited technical capacity within national and local authorities as compared to the amount of infrastructure commitments made and, sometimes, a lack of political priority for infrastructure works in areas populated by resource-poor people.

Another important factor is related to the lack of donor coordination and the very different conditions and modalities applied by the various donors even in the same geographical areas; a fact which in certain cases has had an extremely negative impact.

Case 1: Housing projects in Honduras through PRIMHUR

This project consists of the reparation of damaged houses and the construction of new ones (in cases when earlier settlements were considered too disaster-prone) in 5 municipalities (Tela, Puerto Cortés, Yoro, Tegucigalpa and Choluteca). The total amount financed by Sida was MSEK 25 and the number of new houses planned to be 1.000. The implementing agency has been PRIMHUR, a social housing scheme under the Ministry of Public Works, Transport and Housing (SOPTRAVI). Infrastructural works (in the new settlements) were to be undertaken by the Honduran Social Investment Fund (FHIS).

The implementation modality rested both on the active participation from the affected families themselves, who were to assist in the construction work, and on a loan scheme – part of the cost for the new houses were to be repaid monthly (at levels corresponding to the family's income capacity) by the new owners over a period of several years.

The project has suffered from considerable delays and one year after the initial closing date only 875 new houses had been built. The main causes for this delay have been tenancy problems, administrative problems within PRIMHUR and the very unsatisfactory performance by FHIS concerning the establishment of basic infrastructure. In several cases, the delay in basic infrastructure has also made it almost impossible for affected families to move into their new settlement, creating discontent and a negative impact concerning loan repayments. During the electoral campaign in the latter half of 2001, the "loan repayment morale" was further lowered by local politicians, promising (or thought to promise) debt cancellation were they to win.

However, in all areas visited by the author, the design and quality of houses built are of good standards and compared to the first visit in September 2000 considerable progress has been made concerning the establishment of basic infrastructure (water, sewage, access roads, streets, drainage, electricity, schools) – through a combination of re-allocated Sida funds, the involvement of the municipalities, other international funds and collective work among the inhabitants. Most new settlements are now fully populated and some even prospering. Also the loan repayment rate seemed to be recovering.

Furthermore, experiences from this post-emergency project has been utilized for the design of a broader and more long-term national scheme for social housing, agreed upon with the Honduran authorities and with external financing from Sida, Germany (KfW) and the IDB. This new scheme implies the transformation of PRIMHUR into an independent foundation and more efficient solutions concerning the establishment of basic infrastructure. Finally, it is also linked to the proposal of a new law concerning social housing – the adoption of which probably is to become a requirement for external support. In other words, experiences from this project have played a significant role for creating a more strategic and long-term national commitment (and mechanisms) for improved housing among the poor.

Case 2: Housing projects in Nicaragua through OPIC

This project comprised the building of 100 new houses in new settlements for affected families in the central-northern part of the country; 50 in Matagalpa and 50 in Condega. Responsibility for the implementation rested with Olof Palme International Centre (a Swedish NGO) in collaboration with local NGOs. The modality consisted of beneficiary participation in the construction phase, whereafter houses were donated. The total contribution from Sida amounted to SEK 3.2 million.

In both places, the design and quality of houses built are of good standards but in overall terms the outcome in *Matagalpa* leaves much to be wished for, whereas results in *Condega* are excellent and encouraging.

In *Matagalpa*, the land initially donated by the municipality turned out not to be municipal property, which lead to somewhat complicated and prolonged negotiations with the legal owner. Subsequently, to avoid further delays for the homeless families and because construction material had already been transported to the initial site, construction was initiated nearby – unfortunately on a steeply inclined terrain with severe erosion problems and with the lower houses in flood-prone locations. Furthermore, the municipality did not comply with its promises concerning access roads and other basic infrastructure.

At the time of the author's visit in September 2000, the new settlement (which has several thousand inhabitants, all living in new houses constructed with international financing from various sources) had no real access road, internal streets or proper drainage, lacked potable water (such a project was soon to be terminated) and had neither electricity nor a real school building. Inhabitants complained about delinquency in the area but were largely unorganized and seemed not prone to make collective development efforts.

At the subsequent visit in March 2002, conditions had improved substantially, mainly due to the efforts from local NGOs (executing projects with external financing) and the municipality. Electricity with individual connections had been introduced, an excellent school had been built and the access road (but not the internal streets) had been improved. However, piped potable water was not available – the project *had* been successfully terminated (with shared water taps) and handed over to the national authority but services had been discontinued within less than a year due to widespread problems concerning the payment for the water provided. As a consequence (of this lack of community organization), people now bought water from private truckers, at a cost at least 8 times higher than the monthly price earlier charged by the water authority.

Furthermore, drainage and adequate retention walls for rainwater are still absent (as is sewage and any system for solid waste)¹⁷ and without well-designed measures in this field this new settlement continues to suffer from serious erosion (and health) problems and will be prone to flooding. Finally, even if the inhabitants now do have some kind of legal documents concerning their houses, they still do not hold a full legal title.

In *Condega*, on the other hand, progress has been impressive. The new settlement – which currently has 300 houses – has an adequate location without erosion or flooding problems. All houses today have electricity and potable water, as well as septic tanks or latrines of adequate capacity. Trees for shadow and fruits already abound and a waste collection system is in place (though the municipality complained about a deficient will to pay for the services provided).

The access road is of good quality as are the internal streets. Inhabitants are well organized, and several of the basic infrastructure projects have been implemented with a substantial contribution through collective work. Consequently, criminality in the area is low. All families today have a full legal title concerning their house and many families have already built annexes to get one or two extra rooms. The most important remaining issues to be resolved refer to (a) the need for a primary school within the settlement; and (b) the lack of local bus transport (leaving the settlement the inhabitants have to walk up to the main road, going back they may – if their cash situation permits – take a taxi, which is relatively cheap).

¹⁷ Most houses, including "the Swedish" ones, have latrines of poor quality and reduced capacity.

What, then, explains the enormous difference in outcome for this effort as compared to the project in Matagalpa? Apart from potential differences in the characteristics of the two local implementing NGOs and the modalities employed by them – which is beyond the author’s knowledge – three main factors can be singled out.

Firstly, of course, the availability of an adequate terrain, which in the case of Condega also depended on the fact that the municipality before disaster Mitch had been elaborating a plan for urban development, identifying new lands for urban expansion. *Secondly*, the consistent and strong support provided to the project by the Local Government in Condega. And, *thirdly*, the different conditions concerning settler organization: whereas the 50 families in Matagalpa came from different areas (all affected by Mitch) and had no preceding history of community organization, the 50 families in Condega (who came to constitute the first inhabitants and the core of the new settlement) all came from the same area and had at least some history of joint undertakings.

4.2.4 Rehabilitation in rural areas

In this section, three projects concerning rehabilitation in rural areas are reviewed. Two of these projects mainly targeted small and medium-scale agricultural producers, whereas the third project intended to provide integral support for disaster-affected indigenous peoples in areas characterized by remoteness and difficult access.

Case 1: Restoration of agricultural productive capacity in Nicaragua – FRAMA

This project, focusing on the northern provinces of Matagalpa and Jinotega, was initiated eight months after disaster Mitch, when the humanitarian emergency situation by and large had been overcome and when a more detailed analysis could be made regarding long-term damage to the productive capacity of small-scale agricultural producers.

Through a massive effort during a one-year period, the project (called FRAMA) aimed at restoring the productive capacity on Mitch affected, small-scale farms whose proprietors did not have sufficient resources of their own for this purpose and who otherwise would probably have either migrated or intensified their production on remaining land (with severe environmental consequences). Additionally, the project was also intended to seek to reduce the degree of vulnerability among participating farmers, through the achievement of higher productivity and a more sustainable use of the natural resources.

The total Swedish commitment amounted to some SEK 30 million, of which almost 95 per cent had been disbursed when the project was completed in mid 2000. The project was managed and supervised through a special office located in Matagalpa, with a steering committee integrating representatives from the Ministry of Agriculture and the Swedish Embassy. Requests for the financing of rehabilitation activities were elaborated by a variety of local bodies (NGOs, farmers’ organizations, cooperatives, municipalities, etc) which also, after approval from FRAMA, bore the responsibility for implementation.

FRAMA constituted the very first initiative in this part of the country for agricultural rehabilitation; other similar programs did not start until April 2000. Response to the project’s first information campaign thus became overwhelming and created severe initial problems as the capacity to receive and process this flood of applications was still insufficient. These problems, however, also taught important lessons and contributed to adjustments of the design and organization of the program.

Of the total amount disbursed, about half was utilized for on-farm rehabilitation, including restoration of soils buried under thick layers of sand and mud, and repair of productive infrastructure

such as wells, irrigation systems, fences, etc. The remaining half was almost equally divided between restoration of shared infrastructure (mainly rural roads, water ponds and rain-water ditches) and special coupons distributed to directly affected small farmers to be used for purchasing tools and seed.

Regarding the on-farm rehabilitation activities, FRAMA reached almost 3,000 families (whereof one third were female-lead households) in 160 villages, implying that some 18,000 people benefited directly (with a maximum investment per farm of USD 1,500). The special coupon component reached more than 6,000 families in 235 villages, whereas works regarding shared infrastructure indirectly benefited tens of thousands of families through the restoration of some 200 km of rural roads and more than 20 shared water ponds.

Well worth mentioning is also the fact that the project seems to have been almost corruption-free and did not become politicized. Its administrative costs were, finally, comparatively low.

Regarding the goal related to the reduction of farmers' vulnerability, the project seems to have achieved only limited impact, which is hardly surprising considering its short lifetime. Concerning the main goal, however – rehabilitation of small farmers' productive capacity – the project was remarkably successful. FRAMA thus constituted a strategic initiative permitting poor farmers to continue agricultural production, preventing them from being trapped in a vicious circle and becoming long-term victims. These conclusions have recently been confirmed by an independent evaluation. Finally, the experience and relationships generated by FRAMA have been of great value for the design and preparations of a long-term, agriculture-lead development program now financed by Sida in the same geographical area.

Case 2: Reconstruction of rural cooperatives and household economies in Honduras

The main objective of this project – called PREFESS – was to contribute to the rehabilitation of families affected by Mitch through the reconstruction of their cooperative enterprises and their communities. The project, which covered the two-year period 1999–2000, was financed through a Sida contribution of SEK 30 million and implemented by the Swedish Cooperative Centre and its cooperative partners in Honduras. The selected target group consisted of the most affected families within (mainly rural) cooperatives or associative enterprises in Honduras.

The project – whose slogan was “*The best help is our own effort*” – consisted of seven main components:

- reactivation of food production for regained food security
- reactivation of agribusiness production
- restoration of homes
- rehabilitation of community infrastructure
- reactivation of industrial micro-enterprises
- reactivation of administrative infrastructure (within the cooperatives)
- training, investigation and psycho-social assistance for affected persons.

When the project was terminated at the end of year 2000, almost all planned targets had been reached (or even more than that) in an impressive manner. In overall terms, the planned direct target group consisted of almost 24,000 thousand families whereas the project succeeded in reaching more than 31,000; thus directly and indirectly benefiting almost 200,000 people.

A Sida-evaluation carried out in February, 2000 concluded that the project had been successful not only in reaching the established target group but also concerning the implementation of planned activities according to the time schedule – an important aspect in order to re-establish the agriculture-based productive cycle. As the support targeted productive families, the project was also likely to achieve positive long-term impact. Furthermore, no indications of corruption were found. On the negative side, two observations merit attention: (a) the project had not succeeded in reducing vulnerability within agricultural production; and (b) the fact that only families belonging to cooperatives had been supported implied that other families, also disaster-affected, belonging to the same neighbourhood and forming part of the same local economy, to some extent had been excluded.

Based on the positive impact achieved by PREFESS, the project was in 2001 granted continued Sida support amounting to SEK 15 million for a two-year period. The goal is to consolidate the results achieved and advance from reconstruction to development, thereby contributing to the reduction of poverty and the generation of strategies for sustainable local development. During this second (and final) phase, local cooperatives will furthermore contribute with SEK 3.6 million from own resources and the support will cover unorganized families also. During our visit to some of the project areas in March 2002, it could easily be observed that cooperation between organized and unorganized families (and settlements) had been established and already had generated mutually positive results.

Case 3: Integrated reconstruction for indigenous communities in Nicaragua

This project addressed the needs within affected communities along the rivers Coco and Bocay in the northern part of Nicaragua, close to the border with Honduras. These communities suffered severe damage due to the flooding, which destroyed houses and social infrastructure (schools, churches, health posts), killed domestic animals and destroyed plantations and crops. The area, mainly located within the protected zone of Bosawás (the largest protected rain forest in Central America), is characterized by its inaccessibility – roads do not exist and several stretches of the rivers are shallow and dotted with rapids.

The project – called “*Hijos del Río*”¹⁸ targeted 48 communities with a total population of some 17,000, whereof 11,000 belong to different indigenous groups (the miskitu and mayangna peoples) and the rest are mestizos. Sida’s contribution for the two-year period 1999–2000 amounted to SEK 32 million and the project was implemented by the Organization of American States (OAS), who since the beginning of the 1990s have implemented a considerable number of projects (mainly concerning peace and reconciliation) in Nicaragua. One of these projects (PCT) had received financial support from Sida since 1997, had activities in the same or adjacent areas and had generated results which were considered useful for this new project.

Implementation was planned in three phases: (a) emergency relief (up to the next harvest in April, 1999); (b) rehabilitation efforts (up to October 1999); and (c) reconstruction and development (up to October 2000). The main objective was to contribute to the restoration of conditions prevalent before the disaster and to lay the foundation for a long-term improvement of the social and economic situation. The project had an ambitious design, covered a whole series of different fields (with 14 sub-objectives) and consisted of 8 main components:

¹⁸ “Children of the River”.

- Provide disaster relief
- Strengthening local organization at community level
- Reinforcing administrative and technical capacities within involved municipalities
- Increase public services (civil register, judicial services) within the area
- Economic rehabilitation and development (agricultural production and infrastructure, diversification, micro-enterprises)
- Establish basic social infrastructure (schools, health centers, community centers)
- Improve the health situation (water quality, malaria, traditional midwives, facilitate an enhanced commitment from the Ministry of Health within the area, etc)
- Improve the educational situation (alfabetization, scholarships, training of teachers, facilitate an enhanced commitment from the Ministry of Education)

During a visit by the author in September 2000, several serious shortcomings were observed. In overall terms, the project was found to have been designed without earlier experience from integrated rural development efforts (in remote areas), and with insufficient knowledge concerning the indigenous peoples involved. This had resulted in the absence of strategic and coordinated analysis, lack of realism concerning many of the activities undertaken and a limited degree only of genuine popular participation. Broadly speaking, the project was a combination of *(a)* disaster relief (generally showing good results); *(b)* substantial upgrading of basic and social infrastructure (with questionmarks concerning adequacy and sustainability); and *(c)* activities concerning “socio-economic development” which reflected not only a lack of experience but also an external and traditionalist view without sufficient footing within the indigenous culture (and, consequently, showing poor results).

These observations, as well as the conclusions from visits by Sida staff and an external evaluation concerning the PCT programme, induced Sida to approve limited financial support for a second – and re-designed – phase. The main objective of this second phase (which ends in December 2002) is to ensure the sustainability of major investments and basic services (schools, clinics, community centers, potable water systems, etc) through the establishment of viable maintenance systems (through efforts and responsibility-sharing at the local and central levels) and the achievement of a firm and long-term commitment from the involved Ministries concerning staffing and training of personnel.

Prospects for improvements are currently fairly good,¹⁹ and the project seems to have a reasonable chance of securing sustainability at least for a substantial part of investments undertaken within social infrastructure – which no doubt would be a major contribution towards improved conditions (and future possibilities) for the population in this remote area.

4.2.5 Good governance and decentralization

Under this heading, two major projects are reviewed: *(a)* the implementation of a full-scale national census in Honduras; and *(b)* pilot activities in five Honduran municipalities aimed at local development and decentralization.

¹⁹ Due to some rethinking within the OAS and due to the – at least hitherto – positive attitude shown by the new national Government concerning the country's indigenous peoples.

Case 1: National population census in Honduras and the creation of a Statistical Institute

This project concerned preparations for, and the implementation of, a full-scale national census on population and living conditions in Honduras, thereby also providing the basis for the creation of a new national statistical bureau. The Swedish contribution amounted to some SEK 50 million and was channeled through the local UNDP office, whereas implementation rested with national authorities.

The decision to include this undertaking within the special post-Mitch package may at first seem somewhat dubious but a closer analysis provides another and much more favorable perspective.

The previous population census in Honduras dates from 1988 and did not cover all national territory. This fact has made national planning and statistics related to several crucial areas difficult for quite some period, and it also constituted one of the main reasons why Honduran authorities – not even a year after Mitch – had a definite figure regarding the death toll or the number of families made homeless by the disaster.

Preparations for the census took considerably more time than initially planned, not least due to the fact that new or updated detailed maps had to be elaborated, covering all the country's communities, villages and cities. The extra time provided by this delay showed to be favorable for other purposes, and was used to further improve the forms to be utilized (through field tests and experimental censuses in selected areas) and to dedicate more energy to the information campaign accompanying the census, in order to facilitate work and ensure as adequate answers as possible from the population.

After several delays together summing more than one year, the main part of the census was finally carried out during the period end of July – beginning of August 2001, with complementary efforts continuing until the end of September 2001.²⁰ A publication with preliminary data has already been elaborated, and the complete data set should be available by mid-2002. So far, the processed data provides no major statistical surprises (concerning the total population, for instance) but it does contain new and important information related to, for instance, indigenous peoples.

The data generated by the national census now provides core input for the development of a new and integrated national statistical database, under the supervision of the recently established National Statistical Institute, INE.²¹ It will also play an important role for the elaboration of indicators and follow-up on the country's national poverty reduction strategy linked to the HIPC-process.

The new cartographic database is another potentially high-yielding instrument, for example regarding the establishment of cadastral systems, as well as for other local development and town planning purposes. The link towards the country's municipalities – and their capacity to make real use of the maps and data generated by the project – still needs to be further developed, but the possibility is there.

Overall, support for this national census seems to have been perfectly compatible with the providing of instruments for facilitating societal transformation, which at the Stockholm donor conference in May 1999 was defined as one of the major desirable elements of international post-Mitch assistance. In spite of the general budget reductions implemented by the new Honduran Adminis-

²⁰ The main reason for these additional efforts were access problems generated by delinquency in certain areas, problems inflated by the media coverage which exaggerated the extent of the incidents and the risk for census workers (who often were young students). In this context it should also be observed that the census took place during the national electoral campaign, which implied a somewhat "heated" general climate. The census as such, however, succeeded in not becoming politicized or considered as a political activity.

²¹ The establishment of INE is also being supported by Sida, through other funds.

tration which came into office in January, 2002, national financing of INE has increased, reflecting a change in Government's priorities. This bodes well for the consolidation and further development of this recently created and important authority.

Case 2: Local development and decentralization in Honduras

This project, implemented through the local UNDP office and with Sida-financed support of SEK 15 million for the period 1999–2001, concerned pilot projects within five major municipalities in Honduras. The main goals were to facilitate local development through the strengthening of municipal capacities and to contribute to the decentralization process in the country. The five municipalities selected (Tegucigalpa, San Pedro Sula, Puerto Cortés, Santa Rosa de Copán and La Paz) together account for some 1.3 million of the nation's total population of 6 million.

A preparatory phase had been implemented already in 1998. The new phase was designed before disaster Mitch and should originally (as was also the case with the national census reviewed above) have been financed through Sida's ordinary portfolio – but due to Sida's financial constraints following the “disbursement ceiling”,²² the project was re-classified as a post-Mitch effort. The project did, however, doubtlessly comply with the criteria for the special Mitch package, given its focus on (a) enhancing popular participation and improving strategic municipal capacities such as administration, financial control, planning, cadastral systems and provision of public services; and (b) support for the national decentralization process. Furthermore, even if no systematic efforts of re-designing the project took place after disaster Mitch, the ensuing situation in itself did lead to several changes.

With the exception of Tegucigalpa – where progress has been limited due to political tensions between the Mayor's Office and the Central Government – important and tangible results have been achieved. In San Pedro Sula (the second largest city and the country's economic centre), efforts to improve the cadastral system seem so have been successful, thereby improving conditions for urban planning and property taxation. Furthermore, improvements achieved within the areas of financial management and control have made the city eligible for a USD 27 million loan from the IDB, mainly to be used for investments in water and sanitation, solid waste treatment and the local transport system.

In Puerto Cortés and La Paz, the project has facilitated improvements concerning the municipal administration and of the local cadastral systems. In Santa Rosa de Copán, finally, the project has mainly focussed on mechanisms for popular participation in strategic planning and has also contributed to the establishment of an environmental unit within the municipality.

An external evaluation from May 2001 confirmed considerable progress regarding the issues mentioned above – all belonging to the objective related to local development – but also highlighted several shortcomings, mainly related to the meagre contribution of the project concerning the national decentralization process.

The project was thus found only to a very limited extent to have been designed and implemented in collaboration with the National Federation of Municipalities (AMHON) – instead of counting on AMHON as a strategic actor within the decentralization process. Furthermore, the project has had few or no links to the Presidential Commission on Decentralization and has not become integrated into the forum on decentralization held among donors, civil society and Government.²³

²² See further section 3.3.2 in this report.

²³ This thematic forum constitutes part of the coordination mechanism created in Honduras to follow-up on the Stockholm Declaration. See further chapter 5 in this report.

Finally, activities given priority within each municipality had thus not been selected with the criteria of replicability or on the basis of their strategic importance as an input for the national decentralization process.

As a consequence, a partial re-design of the project was undertaken during the end of 2001, thereby achieving additional Sida funds (SEK 5 million) for a bridging plan covering year 2002. Sida's support to the national decentralization process in Honduras is likely to be continued and reinforced in the future, particularly if the new Government lives up to its declared firm commitment in this field. The exact modalities for this continued Swedish support are still to be defined.

4.2.6 Sida's special information effort

The need for special information efforts linked to the Swedish post-Mitch package was addressed by Sida already in its proposal to Government concerning this major initiative. In addition to the Swedish public, both governments and the general public in Central America were to be targeted. A well functioning information flow was needed, among other reasons in order "to facilitate project implementation and international coordination and to visibilize Sweden's role in the reconstruction". Increased information towards Central America was also considered an essential element in facilitating civil society participation in the reconstruction and transformation process.

Against this background, Sida's Department for Information was given the task of implementing a special effort, with additional funds of SEK 4 million. This special effort was initially considered to last only during year 1999, but was later expanded to cover the period up to December 2001.

The project document for this special effort, elaborated by Sida's Information Department, contained a very ambitious and long list of target groups, activities and sub-objectives. In order to coordinate and implement this project, two extra staff were recruited – one stationed in Stockholm at Sida-HQ and the other at the recently established field-office in Honduras (with the intention of covering primarily Honduras and Nicaragua, but also the others countries in the region).

A review undertaken by this author in September 2000, showed tangible products of many kinds, ranging from lecturers touring Swedish schools to the establishment of a local web-site in Honduras and a wide variety of printed information material (including briefing sheets produced in Honduras, applying the principles for print-on-demand). Especially in Honduras, the systematic information effort had also produced considerable response in increased (and more fact-based) media coverage of Swedish activities and intentions; through media the national public were now informed not only about the sizeable Swedish bridge-constructing effort but also on Swedish goals and activities concerning democracy, good governance and the environment.

This very visible response, combined with continuous discussions with field-office staff about the merits of information, had also produced a significant change in attitude at the office. This implied a new level of understanding concerning information and communication where advantages of integrating such a dimension in the "normal" work now could be visualized.

Some shortcomings of importance were also identified in the Mid-Term Review, namely:

- insufficient degree of consultations with local embassies and field-offices before the effort was launched, which lead to unnecessary starting-up problems;
- a far too ambitious and complex task description for the two new information people, which produced a certain lack of focus and concentration of the effort; and

- insufficient support and advice from the Department’s executive level in Stockholm, implying that the two special information officers to some extent were left alone with their formidable task.

Since then, the special information effort has continued and progressed considerably. As part of Sida’s recent initiative to develop informational capacity at all of the agency’s departments as well as at all Swedish embassies in countries with considerable Sida support, local information officers have now been recruited in Nicaragua, Honduras and Guatemala and local communication plans are being elaborated. Information and communication is now increasingly seen not only as a tool to “make Swedish support visible” but also as an asset in improving conditions for the policy-dialogue with the partner country and to facilitate civil society participation in consultations on the composition of future Swedish assistance. Interest and demand for support along the same lines is now increasing among other Swedish embassies and field-offices.

This “decentralization” of Sida’s information work had been initiated already before Mitch,²⁴ but there is no doubt that experiences and results from the special Mitch-effort has provided an attractive example in this context and has broadened the perception concerning the usefulness of information and communication within Sida’s development cooperation. Summing up, it thus seems fair to state that the special information effort linked to the Swedish post-Mitch package has been highly successful, related both to its own objectives and as an important experience which has contributed to the renewal of Sida’s long-term information strategy.

5. Result II: The Impact of the Stockholm Declaration

5.1. Introduction

On December 10–11, 1998 – only a month after disaster Mitch had finally ceased to wreak havoc on Central America – the international donor community and high-level government representatives from the region convened in Washington, D.C. for a so-called Consultative Group Meeting to initiate the coordination of reconstruction and development assistance efforts.

The meeting, which was organized by the Inter-American Development Bank (IDB), resulted in offers from the donor community totaling more than USD 6 billion in donations, new soft loans and debt relief. The Presidents of Central America addressed the meeting and stressed that the tragedy caused by Disaster Mitch was a unique opportunity to rebuild – not the same – but a better Central America. Reconstruction thus would have to be combined with societal transformation, aimed at reducing social and ecological vulnerability and bringing sustainable development to their people.

On this occasion it was also decided that the next donor conference on Central America after Mitch would be held in Stockholm at the end of May 1999. At this meeting, the Central American countries would present their national plans for reconstruction and transformation; plans that were to be elaborated through a participatory process involving a wide range of representatives from civil society.

²⁴ And can now be found as an important element within the Activity Plan for Year 2002 at Sida’s Information Department.

The months leading up to the Stockholm Consultative Group Meeting thus became a period characterized by intensive planning and consensus building efforts within the affected countries, particularly in Honduras and Nicaragua, where the damage had been most serious. The period also saw an intensification of the policy dialogue between donors and the Central American Governments, in order to agree upon some new dimensions to be introduced at the Stockholm Meeting. These new dimensions, which were proposed by Sweden to the IDB and other involved partners already in January 1999, concerned three main aspects:

(a) As all five Central American countries were to be present, the meeting should focus on the national programs but also contain a regional approach. The latter should focus on themes of strategic importance for all countries of the region, among which the following were suggested to be given special emphasis:

- social and ecological vulnerability;
- transparency; and
- local development, decentralization and popular participation.

(b) The meeting should be organized so as to facilitate a dialogue between governmental representatives and representatives from NGOs and the civil society. As an international NGO-conference addressing post-Mitch issues also were to take place in Stockholm (immediately before the CG-Meeting), it would be preferable to include a joint session at the CG-Meeting where different perspectives could be represented.²⁵

(c) The meeting should end not only with a traditional closing statement but also with some kind of a joint declaration, summarizing agreed principles and commitments which in the future could become an important platform for continued development cooperation in Central America. If well prepared and widely consulted, this declaration could gain in substance and acceptance and also constitute the basis for a follow-up mechanism.

The content of this proposal was, of course, not exclusively “Swedish” nor was it all brand new. It was inspired by declarations made at the first CG-Meeting after Mitch (in December 1998, in Washington) and departed from the fact that a CG-meeting with five countries was something new in itself, and therefore required fresh thinking about the format. New, however, was the exact content and the combination of elements in this Swedish proposal.

Initially, the proposal was received not only with approval and support but also met doubtfulness and resistance. For some actors, the “regional vision” was seen as a potential risk for deviating the meeting from addressing the urgent national needs (which were particularly great in Honduras and Nicaragua). The adoption of a joint declaration were greeted by many as an important step forward, whereas others feared that such a document would add on to already existing international conditionalities for Central America. The most delicate component was the idea of “opening up” the CG-Meeting for representatives from NGOs and civil society, which was seen by important actors as controversial and difficult to achieve. The following months thus came to be characterized by intensive dialogue and diplomatic efforts, in which Sweden played a significant role.

²⁵ This NGO-conference was coordinated by a group of Swedish NGOs with presence in Central America and received financial support from the Swedish Government.

5.2 Characteristics and results from the Stockholm CG-meeting

At the Stockholm Meeting, held on May 25–28, 1999 and chaired by the IDB, more than 400 delegates from over 50 delegations participated. The meeting was addressed by the Presidents of Honduras and Nicaragua, the Secretary General of the United Nations, the Secretary General of the Organization of American States, as well as by the President of the IDB and the Swedish Prime Minister.

The meeting combined a national focus, emphasizing the needs of Honduras and Nicaragua, with a regional vision and for that latter purpose also included special thematic sessions. These sessions – whose themes basically corresponded to the initial proposal mentioned above – were held with the active participation of NGOs and other civil society representatives, which no doubt represented something of a breakthrough within the “CG institution”.

When the meeting was over, the international community had made commitments totaling USD 9 billion, which meant reconfirming the amount already offered in Washington in December 1998, plus an additional USD 3 billion. This was, no doubt, an extraordinary amount. Another important decision at the meeting was the unanimous adoption of the so-called *Stockholm Declaration*; a document of less than two pages which was to become the basis for an enhanced policy dialogue between the donor community and the Central American Governments, as well as for an innovative follow-up mechanism and reinforced donor coordination.

The core of the Stockholm Declaration consists of a mutual commitment between the donors and the Central American Governments, aimed at establishing a long-term partnership. This commitment has three main components:

- (i) a common definition of priority goals, areas and principles for Central America’s future development;
- (ii) a mutual agreement to give emphasis to development efforts complying with these criteria; and
- (iii) the establishment of a special follow-up mechanism to analyze developments in each country according to the agreed goals and principles.

The priority areas and main principles agreed upon were as follows:²⁶

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

²⁶ For the full text of the Stockholm Declaration, see Box 2 on page 40.

Furthermore, the Declaration also created the basis for follow-up mechanisms at different levels, including national mechanisms in Central America with active participation from the civil society. Initially a group of five countries – Canada, Germany, Spain, Sweden and United States – were nominated to begin the consultation process to establish these country-based mechanisms at different levels.

This group of five countries held its first meeting in Madrid in September 1999, discussing how to operationalize the proposed follow-up mechanism. Since then, the coordination of the group's work has been arranged through a system of rotating chairship, with each country being the group's *Secretary pro Tempore* for a period of six months. The group was soon expanded to include Japan, and has ever since generally been referred to as *the G-6*. The G-6 was first coordinated by Spain, then followed Sweden, the United States and Canada. Currently, the group is coordinated by Germany, to be replaced by Japan by April 1st, 2002.²⁷

To facilitate the follow-up process and to enhance donor coordination, the work of the G-6 was initially organized at three levels: One for the overriding policy dialogue (consisting of heads of diplomatic missions from the G-6), another level for technical development cooperation matters, and a third one for sectoral coordination at the operative level.

Since September 2000, when the Group held an internal conference²⁸ to further refine and agree on continued modalities, its operations have become “decentralized” – always coordinated by the country representing the *Secretary pro Tempore*, but developing

Box 2: The Stockholm Declaration

Hurricane Mitch that hit Central America in 1998 with devastating effects, demonstrated the ecological and social vulnerability of the region. This natural disaster occurred when Central America had regained hope for a better future, after years of internal conflict, violence and deep economic crisis and had dedicated its efforts to the consolidation of peace, democracy and sustainable development.

Response from the international community was prompt and international concern was confirmed at the first meeting of the *Consultative Group for the Reconstruction and Transformation of Central America* that took place at the Inter-American Development Bank (IDB) Headquarters on 10–11 December, 1998, in Washington D.C. The Presidents of Central America made clear their view of the tragedy as a unique opportunity to rebuild – not the same – but a better Central America. They reiterated their firm commitment to continue to consolidate peace and democracy in their countries, and to seek higher levels of equitable growth. The Presidents referred to the progress made towards sustainable development and affirmed their wish to reinforce the foundation of this development. The Presidents also reiterated their support to the process of regional integration.

At this second meeting of the Consultative Group, held in Stockholm 25–28 May 1999, the Governments of Central America and the international community have committed themselves to sharing the responsibility for achieving the reconstruction and the transformation of the countries concerned, thus establishing a long term partnership guided by the priorities defined by the Central American countries and based on the following goals and principles:

- Reduce the social and ecological vulnerability of the region, as the overriding goal.
- Reconstruct and transform Central America on the basis of an integrated approach of transparency and good governance.
- Consolidate democracy and good governance, reinforcing the process of decentralization of governmental functions and powers, with the active participation of civil society.

²⁷ Consequently, the current mandate of the G-6 expires at the end of September 2002.

²⁸ In Sigtuna, Sweden.

- Promote respect for human rights as a permanent objective. The promotion of equality between women and men, the rights of children, of ethnic groups and other minorities should be given special attention.
- Coordinate donor efforts, guided by priorities set by the recipient countries.
- Intensify efforts to reduce the external debt burden of the countries of the region.

To respond to the magnitude of the challenge faced by this new partnership, the partners agreed to provide all parties with continuous follow up and information on progress in Central America's reconstruction and transformation, with respect to the previously stated goals and principles. Initially Canada, Germany, Spain, Sweden and United States have agreed to begin the consultation process to establish or strengthen a country-based mechanism working with each nation, including its civil society.

Other donors and international institutions are expected to participate in each country. Consultations also will be undertaken with the Secretary General of the Central American Integration System (SC-SICA) to include regional progress as well. It is anticipated that international financial institutions and international organizations will support this process.

This Declaration reflects the mutual understanding reached at this second meeting of the Consultative Group and will provide invaluable guidance to common efforts for the reconstruction and transformation of Central America. The historical importance of this meeting is expressed by the high-level representation from both Central American governments and the international community. With the challenges and prospects of the new Millennium ahead of us, we welcome this Declaration as a substantial support towards securing a better future for present and coming generations of the peoples of Central America.

according to the conditions within the respective Central American country. Particularly at the technical level, the Group has been substantially expanded both in Honduras and Nicaragua, and currently also includes several multilateral agencies, such as the IDB, IMF, the UN and the World Bank. In Honduras, this expansion has (in practice) also embraced the political level, and in this country the group is today therefore known as the G-15.²⁹

5.3 Results from the Stockholm Declaration and its follow-up mechanism

For Costa Rica, El Salvador and Guatemala, the Declaration has had little real impact, mainly due to the fact that these countries were much less affected by Mitch (and received much less donor support). An additional factor regarding Guatemala, is that the national political agenda for obvious reasons has been more focused on the follow-up of the commitments contained in the recent Peace Accords.³⁰

For Honduras and Nicaragua, however, the Stockholm Declaration has become a crucial reference point to assess developments, has given birth to follow-up mechanisms at different levels and has inspired continued and even broader joint efforts for the future. At the successive Consultative Group Meetings on Honduras and Nicaragua (in February 2000 and May 2000, respectively) the follow-up of the Stockholm Declaration was a cross sectional theme, reflected in the national governments' official documents as well as by the fact that the G-6 was invited to present an official report concerning developments in each country. The follow-up on the Stockholm Declaration was also given some (though limited) space at the regional CG-Meeting on Central America which took place in Madrid at the beginning of March 2001.

²⁹ Canada, Germany, Italy, Japan, the Netherlands, Spain, Sweden, United Kingdom, USA, CABEI, the European Union, IDB, IMF, the World Bank and UNDP.

³⁰ Attempts have been made, however, to reconcile and combine the principles from the Stockholm Declaration with those contained in the Peace Accords.

In this context it is also worth noting that at all the CG-meetings following Stockholm, representatives from Central American NGOs have been officially invited and been provided space for participation.

Furthermore, towards the end of March 2001, the Honduran Government – together with the civil society and G-15 – organized a national two-day working conference exclusively dedicated to the follow-up on the Stockholm Declaration. This conference, which held a truly broad spectrum of participants and was characterized by a very open atmosphere, analyzed progress and shortcomings within each and every sector as related to “reconstruction and transformation” and ended with the elaboration of concrete recommendations for continued efforts.

In both Honduras and Nicaragua, a special National Commission – including representatives from the civil society – has been established by the respective Government to discuss national reconstruction and development strategies and to take part in the follow-up of the Stockholm Declaration.

In these two countries, the follow-up process has achieved substantial progress at least regarding the following areas:

- It has made results from the reconstruction and transformation projects known to the public and has contributed to the improvement of national development plans and strategies;
- It has facilitated a legitimate space for civil society participation in the elaboration of strategic national plans and vitalized and broadened public debate concerning what kind of development should be attempted;
- It has forcefully contributed to the improvement of overall donor coordination, with substantial progress at operative levels also;
- It has established a common framework for dialogue with national governments and also taken important steps towards creating a platform for consensus building regarding national poverty reduction strategies, linked to the HIPC initiative.

In Honduras, the level of politization linked to the follow-up process has generally been rather low, thus allowing most matters to be dealt with in an enabling atmosphere. Genuine interest from the Honduran Government to do its part concerning the follow-up has been tangible, as was shown, for instance, at the abovementioned special conference organized in March 2001 and the publication (in October, 2001) of an official Progress Report on achievements during the three years since disaster Mitch. Largely due to these circumstances, the sectoral coordination (government-donors-civil society) has shown considerable progress, with Government gradually taking the lead.³¹

Furthermore, the National Commission established in the wake of the Stockholm Declaration, has also been an important instrument to pursue broad consultations with different sectors concerning the national poverty reduction strategy.³² Finally, the new Honduran Government has expressed its adherence to the Stockholm Principles and has so far shown a definite interest in the continuation of the follow-up mechanism and further improvement of the coordination between donors, government and civil society.

In Nicaragua, two circumstances during the Government of Arnoldo Alemán (whose five-year period ended in January, 2002) gradually reduced the scope of the dialogue and soon led to repeated

³¹ Currently there are 13 sectoral “tables” for such coordination. The integration of civil society representatives within this coordination mechanism will hopefully improve under the new Government which came to power in January, 2002.

³² One of the country’s main representatives of civil society, the “umbrella-NGO” Interforos, chose to withdraw from the commission and later presented its alternative poverty reduction strategy. Other civil society representatives stayed on, however, and in general terms the consultation process on this theme definitely constituted an important step forward, not only as measured by Honduran standards.

and sometimes remarkably acute conflicts between donors and the national government. *Firstly*, the content of the President's own political agenda vis-à-vis the Stockholm Principles – to insist on transparency and good governance, for instance, was directly opposite to the President's political project. *Secondly*, the intensity of the general political polarization in the country – generated by the President's own policy and by the overall agreement between his party (PLC) and the Sandinistas (FSLN), which lead to the exclusion of most other political forces from the municipal and general elections, and to joint PLC-FSLN control over vital institutions such as the Supreme Court, the Electoral Court and the Comptroller's Office.

As a consequence, the situation in the country became characterized by (i) wide-spread and intense political discontent; and (ii) the absence of any key national institution still enjoying public confidence and the lack of any sizeable political opposition party. In this context, the G-6 thus soon became kind of an international political instance (with representation in Nicaragua), which repeatedly was approached by different groups in delicate matters. Even if the G-6 successfully avoided the attempts (and temptations) to become a political mediator, this circumstance further increased political tensions between donors and government and reduced the scope for any genuine dialogue. Ever since the last CG-Meeting on Nicaragua (held in Washington in May, 2000) – where the G-6 once more delivered a critical report on developments in the country as related to the Stockholm Principles – no top-level follow-up meeting (with donors, government and civil society) has been convened by the Government.³³

In spite of these problems, however, the commitments contained in the Stockholm Declaration (and the Nicaraguan interest to achieve progress within the HIPC process) were instrumental in further developing some sectoral coordination mechanisms and paved the way for active participation from the civil society in the elaboration of the national poverty reduction strategy. The new Nicaraguan Government, which came to power in January 2002, has convincingly expressed its interest for enhancing the role of the national commission (CONPES) established for the post-Mitch reconstruction and for the elaboration of the poverty reduction strategy, but has so far made no reference to the continuation of the follow-up mechanism related to the Stockholm Declaration.

Concerning both Honduras and Nicaragua, a somewhat different theme should also be mentioned in this context, namely the relatively low level of representativity, internal democracy and transparency which still characterize some of the national NGOs acting as representatives of civil society. To a large extent these shortcomings reflect structural characteristics and general tendencies in both countries, but they should be taken seriously as a major challenge for enhanced democratic qualities – to be addressed particularly by national and foreign NGOs but, for obvious reasons, also by donors. This comment should not, however, be interpreted as belittling the qualities of other NGOs or the importance and overall positive impact of the active participation of the civil society in the dialogue (concerning both the post-Mitch efforts as well as the elaboration of national strategies for poverty reduction) – the participation of civil society in these processes has doubtlessly constituted a major achievement and an important step forward.

Due to the national political space opened up for Central American NGOs during the post-Mitch period (for which the Stockholm Declaration and its follow-up mechanism has constituted important and, to some extent, catalytic elements), many of these organizations have progressed in an impressive manner. Both in Honduras and in Nicaragua, the NGOs hitherto leading civil society involvement in the reconstruction and transformation process are themselves proposing major changes regarding priorities and organizational forms.

³³ This in spite of the fact that the Nicaraguan Government at this CG-Meeting committed itself to organize such meetings on a quarterly basis.

Whereas up to recently these organizations mainly have played an oppositional role, criticizing Governmental plans and suggesting alternative solutions in rather sweeping terms, time has now come for the elaboration of concrete and coherent proposals, and of showing in practice how things can be done. In organizational terms, a process towards increased internal democracy and outward accountability is also underway. If these significant changes will be successfully undertaken, then these *non-governmental* organizations (NGOs) will thus transform themselves into genuine *civil society* organizations (CSOs).

Finally, also for the major *Swedish NGOs* involved in Central America, has the post-Mitch period – initially centred on the follow-up on the Stockholm Declaration – contributed to a considerable leap forward. Plans for continuing development support to the region are today decidedly more strategic in character; a considerable degree of coordination today exists between the different organizations and they actively participate in different regional NGO networks. Furthermore, the capacity for policy analysis has been increased and in an on-going joint project these Swedish NGOs are currently also strengthening their capacity for advocacy – both within the Central American context and vis-à-vis Swedish and other international actors.

5.4 Prospects for the future

For the future, the continued importance of the “Stockholm Process” will mainly depend on the possibility of achieving the transition towards acquiring a legitimate and active role in the refinement of, and implementational follow-up on, the national poverty reduction strategies in Honduras and Nicaragua. This would imply that follow-up and coordination within the framework of the Stockholm Declaration gives way to a considerably broader, more strategic and long-term partnership for development in and with these countries.

The achievement of such a broader coordination will of course depend on the political will of national Governments and other major actors in Central America, but it also requires an agreement between bilateral donors and the multilaterals (particularly the World Bank, IDB and the IMF) on the design and importance of one unified mechanism for follow-up and coordination – at macro as well as at sectoral levels. In order to reach this kind of agreement, the bilaterals will have to make energetic efforts and depart from a common platform – which still is in need of elaboration. Should this not happen, a situation of fragmented follow-up and of partly competing “coordination mechanisms” may arise.³⁴ Responsibility for avoiding such an outcome and to proceed instead along the line of increased coordination and broad involvement in one unified and strategic follow-up mechanism rests to a great extent with the G-6, other leading bilaterals and the already mentioned multilateral organizations.

6. Concluding Assessment and Issues for the Future

6.1 Introduction

In this chapter, a concluding assessment concerning the combined Swedish post-Mitch efforts will be presented as related to the tasks established in the Terms of Reference (ToR) for this assignment. Finally, some proposals regarding the next phase of the “Stockholm Process” and possible future efforts in similar post-disaster situations will be put forward for further discussion.

³⁴ G-6 and its probable successors at policy level; IDB-chaired CG-Meetings; special mechanisms for the monitoring of the implementation of national poverty reduction strategies.

6.2 Concluding assessments

In this context, the following themes from the ToR will be addressed:

- (a) The relevance of the principles and criteria established for the special Swedish Mitch-package as compared to the situation in Central America;
- (b) To what extent has Sida succeeded in complying with these principles and criteria?;
- (c) To what extent has Sida achieved the expected production goals, in quantity as well as qualitatively?;
- (d) Assess the contribution provided by Sida regarding reconstruction as well as improved conditions for a reduction of social and ecological vulnerability in the region;
- (e) Assess the role played by Sweden and the Stockholm Declaration in increased donor coordination and the follow-up efforts regarding the mutual commitment between donors and Central American Governments.

6.2.1 The relevance of the criteria established for the post-Mitch effort?

The general principles and criteria established as guidelines in Sida's proposal (later approved by the Swedish Government) for this comprehensive and special post-Mitch package were clearly of great relevance, both regarding the situation in Central America and as an application of lessons learnt from earlier post-disaster efforts. The same principles and criteria were later also contained in the Stockholm Declaration, which gained a broad and enduring support among donors and major actors in the Central American countries. Not least the support from within Central America for these so-called "Stockholm Principles" can be seen as a firm corroboration of their relevance.³⁵

6.2.2 To what extent has Sida succeeded in complying with these principles?

This question refers both to the principles established in Sida's proposal and to the amendment made by the Swedish Government in its decision, instructing Sida to give greater emphasis to activities related to the environment. The answer to this complex question will be disaggregated in the following manner:

(i) *Concerning the following four principles the degree of compliance can be considered to have been high:*

- awareness of societal processes and the risks of conflict
- ensure decentralized work methods, adapted to the needs of each country
- principally make use of instruments and channels that are already known and tested
- seize the opportunity for re-thinking, reconsiderations and innovations.

(ii) *Concerning the following principle the degree of compliance is assessed to have been considerable:*

- there must be no watertight bulkheads between "disaster relief" and other forms of cooperation.

(iii) *Finally, regarding the following two principles, compliance is considered to have been only partial:*

- the support should be characterized by a long-term and comprehensive approach
- as far as possible, the support must be planned with the need for prevention in mind

³⁵ For the content of these principles, see Box 1, page 13.

As illustrated earlier in this Report, the overall impact for the principles concerning long-term approach and disaster prevention (as design qualities in all projects) has been rather limited. Furthermore, activities directly related to the environment or to disaster prevention and mitigation are few and account for very limited amounts only.³⁶ Thus, the criteria related to a comprehensive approach is also likely to have been complied with only to a limited extent.

6.2.3 To what extent has Sida achieved the expected production goals?

(a) In *quantitative terms*, Sida has achieved the established production goals to a high or very high degree, concerning the total sum of defined and agreed projects as well as regarding disbursement levels.

(b) To make a thorough and consolidated assessment regarding the *quality* of the Swedish Mitch package goes beyond the time and tools available within this assignment. In general terms though, the overall quality appears to hold good standards – even if the realism of certain undertakings not always has been optimal. However, the relative shortcomings concerning the long-term and preventive dimension mentioned above is likely to have affected the quality of the package as such.

6.2.4 Contributions regarding reconstruction and for the reduction of vulnerability?

The consolidated Swedish Mitch effort has doubtlessly meant not only a rapid and substantial but in several cases also strategic contribution within the field of *reconstruction*. In practice, reconstruction activities have carried most weight and constituted the core of the special post-Mitch package.

When it comes to improving conditions for a reduction of the countries' social and ecological vulnerability (the dimension of societal *transformation*), the composition of the Swedish package has carried far less weight and is likely to have a more limited impact. If, however, not only the composition and design of the assistance package as such is taken into consideration but also Sweden's contributions to the establishment of the Stockholm Declaration and its follow-up mechanisms are included – then the total impact of Sweden's post-Mitch efforts regarding the facilitation of societal transformation in Central America must be assessed to have been considerable.

6.2.5 Sweden's role for mutual commitments, donor coordination and follow-up?

Sweden no doubt played a leading role for the achievement of a mutual commitment between the donor community and the Central American Governments, for increased donor coordination and for the establishment of a shared and broadly representative follow-up mechanism. The principal instrument in this context has been *the Stockholm Declaration*, which was the direct result of considerable efforts undertaken by the Swedish Government. Also subsequently, within the G-6 and in other fora, Sweden has continued to make substantial and important contributions concerning the themes in question.

The impact of the processes initiated by the Stockholm Declaration has been far-reaching and has – in an almost unpredictable manner with its own dynamics – produced important changes not only concerning donor coordination and the relationship between donors and national governments but also as regards civil society participation and the content of policy agendas in Honduras and Nicaragua. The Swedish initiative in this context thus rested on a knowledgeable assessment of ambitions both within the donor community and among major actors in Central America – and was well timed.

³⁶ For figures and proportions, see section 4.1 of this Report.

6.3 Selected lessons and issues for the future

6.3.1 A unified post-disaster package?

The guiding principles and criteria established for the post-Mitch package have been shown to possess a high degree of relevance and should be used as an important reference point when designing Swedish contributions in similar situations in the future. However, the initially highly accelerated rhythm in the definition and elaboration of projects and contributions seem to have been hard to reconcile with principles concerning the long-term and preventive perspective. The pressure to rapidly fill the considerable (and much publicized) financial commitment with tangible projects thus seems to have had a certain negative impact regarding quality.

One possible conclusion from this fact could be to define it as a management task only; thus emphasizing the need to strengthen central overview and quality control. Another possible conclusion is that projects and contributions within so many different fields and with different time perspectives (emergency, medium term and longer-term) simply should not be grouped into the same package. If the emergency situation creates extra space for longer-term activities, these financial resources should then be ensured by placing them on a separate account, with a different rhythm and schedule for project definition and elaboration.

In this context it is also worth emphasizing that the need for haste is generally exaggerated in post-disaster situations. Once the immediate emergency phase is over, most cooperation efforts should have a long-term and strategic approach – and such activities cannot (with maintained quality) be prepared within a fraction of the time normally used for “ordinary” development projects.

A basic but perhaps sometimes ignored question to be posed in similar contexts is: *“What is the actual capacity of our organization to satisfactorily manage such a large-scale and ambitious post-disaster effort?”*. A rapid but more profound assessment of current capacities seems warranted as part and parcel of the elaboration of similar assistance packages in the future.

Furthermore, when preparing for major Swedish contributions in similar contexts, aspects regarding the balance between capacity strengthening at central versus local levels within the organization should be given more consideration. In the case of the post-Mitch package, it is thus obvious that a more swift temporary strengthening of Sida’s field-office capacity in Nicaragua would have been convenient. To ensure compliance with quality assessments (including the assessment of local relevance and insertion), consultation with field-offices should rather be strengthened, not overlooked, in these circumstances. This aspect should also be taken into account when estimating the need for capacity strengthening at HQ and at the involved field-office/s.

6.3.2 Try to concentrate on strategic contributions

Another essential task would be to dedicate more efforts to assess proposed Swedish contributions in relation to what is known about activities planned by other donors and in relation to Swedish comparative advantages.

In general terms, areas which are already donor-dense (where, furthermore, the lack of coordination or absence of unified criteria tend to cause problems related to quality and sustainability) should be given less priority than the task to identify strategic and relatively under-attended areas where prospects for Swedish contributions can be judged to be propitious or at least reasonable. Such an approach could probably contribute to further improving the quality of Swedish efforts within the given national context.

In the case of the post-Mitch package, at least two of the projects earlier reviewed in this Report easily qualify for this category. *Firstly*, the bridge rehabilitation project in Honduras which through its magnitude, accelerated implementation pace and good quality made a strategic contribution with national impact – in an area where other donors needed considerably more time to get started. And, *secondly*, the restoration of agricultural productivity on lands owned by small-scale farmers in Nicaragua; an activity which impeded these farmers to become permanently victimized and which took place long before other donors approached this field.

Increasing the share of such strategic projects, requires not only more of reflection within Sida but also systematic efforts for the creation of a shared mechanism which can undertake a rapid and high-quality overall damage assessment and a need for early donor coordination (or, at least, mechanisms for exchange of information).

6.3.3 Integrating risk with the development and poverty alleviation agenda

Central America is one of the world's most disaster-prone regions, frequently hit by earthquakes, volcanic eruptions, storms and hurricanes – all events which generally hit poorer groups of people the hardest. Furthermore, international evidence clearly indicates that well-designed activities related to disaster prevention, mitigation and preparedness also have good prospects of substantially reducing damage and deaths resulting from natural disasters in a short to medium-term perspective, providing protection for, not least, the poor. Experiencing a high degree of vulnerability vis-à-vis the forces of nature is also one important element generally mentioned by poor people themselves when giving their definition of poverty. Consequently, poor people to a large extent integrate risk management as an important aspect of their survival strategies.

In spite of this, however, activities within these areas have not been a major priority for Swedish development cooperation in Central America – neither before nor after Mitch. Judging from the composition of the total international post-Mitch assistance to Honduras and Nicaragua, this seems to be valid not only for the Swedish Mitch package but for most other donor contributions as well.

Concerning Sida, this issue has at least two dimensions. *The first dimension* deals with the need to expand the portfolio of activities directly related to disaster prevention, mitigation and management – in Central America as well as in other disaster-prone countries where Sida is currently involved. The very limited Swedish contribution so far related to such activities most likely reflects that this area is currently not satisfactorily catered for within Sida's organization. Progress seems to be underway, however, with Sida's Department for Humanitarian Assistance preparing itself for becoming the institution's focal point for this theme. These efforts should receive full support from the executive level, and within all disaster-prone partner countries an analysis of disaster related risks and potential remedial action should be incorporated as an important item in the elaboration of Sida's development cooperation strategies.

The second dimension relates to fact that poor people's exposure to the forces of nature (particularly but not exclusively in rural areas) often constitute part of the mechanisms which perpetuate the poverty cycle. Hence, the need to incorporate "risk" as a core aspect within strategies for poverty reduction, to be systematically taken into account also when designing "normal" development projects aimed at poverty alleviation. To pursue this strategic task, firm support from the executive level will be needed, defining a clear mandate (either for a cross-sectoral task force or a designated unit) for policy and methodological development within Sida.

6.3.4 Develop shared criteria among donors for activities within certain areas

Experience from the combined post-Mitch efforts shows that the widely varying criteria applied by different donors within the same thematic field, sometimes even within the same geographical area, often creates severe problems of different kinds. In this Report, post-disaster housing projects has been mentioned as an example, but the same applies to several other important areas of typical post-disaster activities.

Even if consensus will never be reached by all actors involved, principled agreements among major bilateral and multilateral agencies will undoubtedly have a positive impact for the efficiency and coordination of post-emergency activities at the next disaster. In this context, Sweden could and should take an initiative, preferably starting-up with a joint identification of prioritized areas where the establishment of unified criteria seems viable. The Stockholm follow-up mechanism may still provide a suitable platform for the launching of such an undertaking.

6.3.5 Coordination, policy dialogue and partnerships beyond “the Stockholm Process”

In April of 2002, Japan will assume the role as the last *Secretary pro Tempore* of the G-6, whose mandate from the Stockholm CG-Meeting (as conceived by most actors involved) will end on September 30 the same year. The G-6 must therefore now swiftly concentrate on reaching an agreement on common priorities for the last period, in order both to successfully conclude the initial mandate and to pave the way for continued mechanisms of donor coordination, policy dialogue and development partnerships. In the opinion of this consultant, several important activities should be undertaken.

First of all, the G-6 must internally agree that the mandate from the Stockholm CG-Meeting does expire at the end of September 2002 and design all further activities departing from this understanding. *Secondly*, preparations for the elaboration of a comprehensive “G-6 Report” should be initiated without delay. This Report should contain an account of the development and experiences from this follow-up mechanism, with some conclusions for the future.³⁷

The issuing of such a Report would in itself constitute an appropriate example of accountability and could become an important document for continued similar efforts. Demand for such a Report is also high within many different sectors involved in development efforts in Central America. While the functioning of the G-6 (and the technical level of coordination) has been decentralized (at least) since September 2000, responsibility for the elaboration of this Report should rest with the capitals of the countries constituting the Group – congruent with to whom the mandate for follow-up was given at the Stockholm CG-Meeting.

Secondly, the G-6 should develop a combination of strategic initiatives in order to increase support for the convergence of the “Stockholm Process” with the coming follow-up mechanisms related to the implementation of the national poverty reduction strategies in Honduras and Nicaragua. This convergence refers both to the content and parameters for the follow-up to be undertaken, and to its form. Regarding the latter aspect, it is of crucial importance that the mechanism becomes inclusive – with a fair representation of the donor community and of civil society in each country. Achieving this goal will prevent the potential duplication of, and competition between, different mechanisms for coordination and follow-up, and will reinforce prospects for coordination at all levels, for increased transparency and participation. National governments in Honduras and Nicaragua should be given all support in order to take the lead in this new and unified mechanisms for coordination and follow-up.

³⁷ The official statements and reports delivered by the group at CG-Meetings and other important for a could preferably be included as an annex.

The existing sectoral mechanisms for technical coordination between donors, national governments and civil society should be continued – but placed under the (probably somewhat renewed) strategic framework of poverty reduction. New formulae for the role hitherto played by the G-6 as a sort of collective donor representative (for policy dialogue and other political matters) must be found within the new context described above. These forms should combine the agility, handyness and non-bureaucratic character of the G-6 with broader representativity and a (continued) high degree of legitimacy.

Concerning these major tasks outlined above, Sweden could and should continue to play an active role.

ANNEX 1: List of projects reviewed and visited

1. Mid-Term Review (September 2000):

Honduras

- Bridge reconstruction project
- Social housing projects through PRIMHUR
- National population census
- Pilot project for municipal development and decentralization

Nicaragua

- Restoration of agricultural productive capacity (FRAMA)
- Integrated reconstruction for indigenous communities ("Hijos del Río")
- Rehabilitation of houses, community infrastructure and micro-enterprises (Prodel)
- Social housing scheme for relocated families in Matagalpa (OPIC)

Other

- Sida's special information effort

2. Final Review (March 2002):

Honduras

- Bridge reconstruction project
- Social housing projects through PRIMHUR
- National population census and the creation of a Statistical Institute
- Pilot project for municipal development and decentralization
- Reconstruction of rural cooperatives and household economies (SCC)
- Disaster prevention (Cepredenac/COPECO)

Nicaragua

- Social housing scheme for relocated families in Matagalpa and Condega (OPIC)
- Disaster prevention (Cepredenac/INETER)
- Road reconstruction project (desk study and interviews)
- Integrated reconstruction for indigenous communities (desk study and interviews)
- Restoration of agricultural productive capacity (FRAMA; follow-up desk study)

Other

- Sida's special information effort

ANNEX 2: List of persons interviewed

1. Mid-Term Review (September 2000):

Swedish Ministry for Foreign Affairs (Stockholm)

Ms. Eivor Halkjaer (*Department for the Americas, AME; formerly Head of RELA/Sida*)

Mr. Ingemar Cederberg (*AME*)

Sida (Stockholm)

Mr. Göran Holmquist (*Head, Department for Latin America, RELA*)

Ms. Elisabet Hellsten (*RELA*)

Ms. Karin Rohlin (*RELA*)

Mr. Jan Bjerninger (*Head, Asia Department; formerly Ambassador to Nicaragua*)

Mr. Anders Hagwall (*Head of Section, Department for Infrastructure and Economic Development, INEC/Infra*)

Mr. Claes Leijon (*INEC/Infra*)

Mr. Göran Larsson (*INEC/Infra*)

Mr. Göran Tannerfeldt (*Head of Section, Urban Development, INEC/Urban*)

Mr. Per Fröberg (*INEC/Urban*)

Mr. Jan-Olov Agrell (*Head of Section, Department for Democracy and Social Development, (DESO)*)

Ms. Mariana Liljeson (*DESO*)

Mr. Göran Paulsson (*DESO*)

Ms. Eidi Genfors (*Head of Section, Department for Natural Resources and the Environment, NATUR*)

Ms. Doris Attve (*Department for Cooperation with NGOs and Humanitarian Assistance, SEKA*)

Mr. Nils Rydberg (*SEKA*)

Ms. Anna Swedmark (*Information Department, INFO*)

Sida's representation in Honduras and Nicaragua

Mr. Jan Robberts (*Counsellor for development cooperation, Sida/Honduras*)

Ms. Ellenor Ekman (*Sida/Honduras*)

Ms. Kina Robberts (*Sida/Honduras*)

Mr. Lars-Olof Eliasson (*Sida/Honduras*)

Mr. Alfredo Stein (*Sida/Honduras*)

Mr. Torsten Wetterblad (*Counsellor for development cooperation, Sida/Nicaragua*)

Mr. Peter Herthelius (*Sida/Nicaragua*)

Mr. Carlos Barrios (*consultant, Sida-Nicaragua*)

Swedish NGOs

Mr. Svante Sandberg (*Director, Forum Syd*)

Ms. Anna Tibblin (*consultant, Forum Syd*)

Ms. Birgitta Strömblad (*Olof Palme International Center*)

Ms. Veronika Granath (*Forum Syd/Nicaragua*)

Mr. Hugo Reyes (*Swedish Cooperative Center/Honduras*)

NGOs in Honduras and Nicaragua

Mr. Francisco Machado (*ASONOG, Honduras*)

Mr. José Martínez (*Interforos, Honduras*)

Ms. Maribel Suazo Madrid (*FOPRIDEH, Honduras*)

Mr. Miguel Angel Funes (*FONAC, Honduras*)

Mr. Ricardo Zambrana (*Coordinadora Civil, Nicaragua*)

Government representatives in Honduras and Nicaragua

Mr. Arturo Corrales (*Minister for international cooperation, Honduras*)

Ms. Glenda Gallardo (*Head of UNAT, Honduras*)

Mr. Manuel Ramírez (*advisor, UNAT, Honduras*)

Mr. Manuel Obregón (*advisor, CONPES/Secretaría Técnica de la Presidencia, Nicaragua*)

Representatives of other international development agencies in Honduras and Nicaragua

Mr. Duty Greene (*USAID, Honduras*)

Mr. Wilfried Liehr (*GTZ, Honduras*)

Ms. Marilyn Zak (*Director, USAID, Nicaragua*)

Mr. Tomás Membreño (*coordinator for the Mitch-programme, USAID, Nicaragua*)

Mr. Denis Corrales (*IDB, Nicaragua*)

Swedish companies

Mr. Ragnar Fossgaard (*Manager, SWECO, bridge reconstruction programme, Honduras*)

Mr. Max Juhlin (*Manager, SKANSKA, bridge reconstruction programme, Honduras*)

Officials and other persons involved in the implementation of visited projects

Ms. Ana María Pavón (*bridge reconstruction project, SOPTRAVI, Honduras*)

Mr. Orlando Vásquez (*PRIMHUR, Choluteca, Honduras*)

Families participating in the house construction programme in Choluteca

Mr. Victor Leva (*PRIMHUR, Tela, Honduras*)

Families participating in the house construction programme in the municipality of Tela

Mr. Conrado Zúniga (*Manager, National Census Project, Honduras*)

Ms. Margarita Bueso (*UNDP, Honduras; national census and municipal development projects*)

Mr. Jimmy Soria (*UNDP, same projects as above*)

Mr. Jorge Ramos (*UNDP, same projects as above*)

Mr. Roberto Larios (*Mayor, San Pedro Sula, Honduras*)

Mr. Francisco Funes (*advisor, municipal development project, San Pedro Sula*)

Mr. Bo Ekstrand (*consultant, OPIC, housing projects in Nicaragua*)

Ms. Janett Castillo (*MC, responsible for OPIC-financed housing projects in Matagalpa*)

Families in Matagalpa benefitted by the OPIC/MC housing project

Mr. Julio Solórzano (*Director, FRAMA*)

Mr. Manuel Roncagliolo (*financial administrator, FRAMA*)

Farmers in Matagalpa benefitted by FRAMA

Mr. Luis López (*Coordinator, PRODEL, Nicaragua*)

Ms. Irene Vance (*consultant to Sida, PRODEL*)

Mr. Marion Olivas (*PRODEL*)

Ms. Nubia García (*PRODEL*)

Mr. Humberto Vásquez (*Mayor, Jinotega, Nicaragua*)

Families benefitted by PRODEL-induced activities in Jinotega.

Mr. Josué Rueda (*Operations Manager, “Hijos del Río” project, OAS, Nicaragua*)

Project staff, local representatives and families benefitted by the project in the following communities in Nicaragua: Somotigne, Yakalpanini, San Andrés de Bocay, Raití, Lakusta, Amak

Representatives of indigenous peoples regional organizations (KUNASPAWA and ADEPCIMISUJIN)

Others

Mr. Guadalupe López (*Director, Federation of Honduran Municipalities, AMHON*)

Mr. Ian Cristoplos (*researcher and consultant, Swedish University of Agricultural Sciences*)

Mr. Carlos Fernando Chamorro (*journalist, Nicaragua*)

2. Final Review (March 2002):**Swedish Ministry for Foreign Affairs (Stockholm)**

Mr. Staffan Wrigstad (*Head, Department for the Americas, AME*)

Ms. Petra Hansson (*AME*)

Sida (Stockholm)

Mr. Göran Holmquist (*Head, Department for Latin America, RELA*)

Mr. Gunnar Tidström (*RELA*)

Mr. Jan Bjerninger (*Head, Asia Department; former Ambassador to Nicaragua*)

Mr. Torsten Wetterblad (*Multilateral Coordination; formerly Counsellor for Development Cooperation at the Swedish Embassy in Nicaragua*)

Mr. Anders Hagwall (*Head of Section, Department for Infrastructure and Economic Development, INEC/Infra*)

Mr. Claes Leijon (*INEC/Infra*)

Mr. Göran Tannerfeldt (*Head of Section, Urban Development, INEC/Urban*)

Mr. Per Fröberg (*INEC/Urban*)

Mr. Tomas Nyström (*INEC/Urban*)

Ms. Ellenor Ekman (*Department for Democracy and Social Development, (DESO)*)

Mr. Peter Herthelius (*Department for Natural Resources and the Environment, NATUR*)

Mr. Johan Schaar (*Head of section, Department for Cooperation with NGOs and Humanitarian Assistance, SEKA*)

Ms. Doris Attve (*SEKA*)

Mr. Johan Åkerblom (*Head, Information Department, INFO*)

Ms. Gunilla Cederquist (*INFO*)

Ms. Anna Swedmark (*consultant, INFO*)

Ms. Kina Robberts (*consultant, INFO*)

Sida's representation in Honduras and Nicaragua

Mr. Jan Robberts (*Counsellor for development cooperation, Sida/Honduras*)

Ms. Ina Eriksson (*Sida/Honduras*)

Mr. Alfredo Stein (*Sida/Honduras*)

Mr. Klas Markensten (*Ambassador, Swedish Embassy, Nicaragua*)

Ms. Karin Metell (*Sida/Nicaragua*)

Ms. Sara Martínez-Bergström (*Sida-Nicaragua*)

Mr. Björn Frostell (*regional advisor for the environment, Sida-Nicaragua*)

Swedish NGOs

Ms. Veronika Granath (*Forum Syd*)

Mr. Rodrigo Arce (*Forum Syd*)

Ms. Anna Tibblin (*consultant, Forum Syd*)

Ms. Åsa Thomsasson (*Forum Syd/Nicaragua*)

Ms. Birgitta Strömblad (*Olof Palme International Center*)

Ms. Viveka Carlestam (*Swedish Cooperative Center*)

Mr. Peter Ottosson (*Diakonia*)

Ms. Lena Eriksson (*UBV*)

Mr. Jon Skurdal (*Save the Children*)

NGOs in Honduras and Nicaragua

Mr. José Filadelfo Martínez (*Interforos, Honduras*)

Mr. Carlos Arita (*Comisión de la Participación Ciudadana, Honduras*)

Mr. Juan Ferrera (*FONAC, Honduras*)

Ms. Ana Quiróz (*Coordinator, Coordinadora Civil, Nicaragua*)

Mr. Ricardo Zambrana (*Coordinadora Civil, Nicaragua*)

Government representatives in Honduras and Nicaragua

Ms. Rocío Táborá (*Vice-Minister, Office of the President, Honduras*)

Mr. Manuel Ramírez (*Director, UNAT, Honduras*)

Mr. Hugo Arévalo (*Deputy Director, COPECO, Honduras*)

Mr. Mario Arana (*Director, Secretaría Técnica de la Presidencia, Nicaragua*)

Mr. Claudio Gutiérrez (*Director, INETER*)

Representatives of other international development agencies in Honduras and Nicaragua

Mr. Duty Greene (*USAID, Honduras*)

Mr. Wilfried Liehr (*GTZ, Honduras*)

Mr. Miguel Manzi (*IDB, Honduras*)

Ms. Sabine Schmitt (*German Embassy, Nicaragua*)

Officials and other persons involved in the implementation of visited projects

Mr. René Soler (*Vice-Director, National Statistical Institute, Honduras*)

Mr. Jimmy Soria (*consultant, National Statistical Institute, Honduras*)

Ms. Margarita Bueso (*UNDP, Honduras; national census and municipal development*)

Ms. Maribel Suazo (*UNDP, Coordinator, municipal development project*)
Mr. Conrado Zúniga (*consultant, formerly Manager, National Census Project, Honduras*)
Mr. Osmin Bautista (*Vice-Mayor, San Pedro Sula, Honduras*)
Mr. Roberto Larios (*formerly Mayor, San Pedro Sula, Honduras*)
Mr. Carlos Flores Chavarría (*Mayor, la Paz, Honduras*)
Ms. Luz Miriam Rivera (*PRIMHUR, Choluteca, Honduras*)
Mr. Ricardo Andino Cruz (*Mayor, Choluteca, Honduras*)

Families participating in the house construction programme in Choluteca

Mr. Carlos Benítez (*PRIMHUR, Tela, Honduras*)
Ms. Doris Fuentes (*PRIMHUR, Tela, Honduras*)
Ms. Suyapa Colindres (*Dep. for communitarian development, municipality of Tela*)
Families participating in the house construction programme in the municipality of Tela
Mr. Hugo Reyes (*Coordinator, Swedish Cooperative Center/Honduras*)

Families and cooperative enterprises benefitted by SCC projects in Coaca and Tocoa

Ms. Irene Vance (*Coordinator, PRODEL, Nicaragua*)
Mr. Bo Ekstrand (*consultant, OPIC, housing projects in Nicaragua*)
Ms. Janett Castillo (*MC, responsible for OPIC-financed housing projects in Matagalpa*)

Families in Matagalpa benefitted by the OPIC/MC housing project

Mr. Augusto Ortiz Torres (*supervisor, housing project in Condega, Nicaragua*)
Mr. Ricardo González (*municipality of Condega*)

Families in Condega benefitted by the OPIC/APC housing project in Condega

Mr. Josué Rueda (*Operations Manager, “Hijos del Río” project, OAS, Nicaragua*)
Ms. Graciela Debolí (*seismological projects, INETER, Nicaragua*)
Ms. Karen Molina (*Director, Road Department, MTI, Nicaragua*)
Mr. Carlos Pérez (*Road Department, MTI, Nicaragua*)

Others

Mr. Guadalupe López (*Director, Federation of Honduran Municipalities, AMHON*)
Mr. Roberto Flores Bermúdez (*formerly Minister for Foreign Affairs, Honduras*)
Ms. Kathya M. Pastor (*formerly Director, SOPTRAVI, Honduras*)
Mr. Carlos Rivas (*consultant, natural resources and the environment, Honduras*)
Mr. Max Juhlin (*SKANSKA, Stockholm; formerly Manager, Bridge Project in Honduras*)



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