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Honduras

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1. Recent developments in Honduras

1.1 Political development

The first year of President Maduro's Government ended late January 2003. Maduro himself considered that he had succeeded in improving citizen security, and that his Government had created favourable conditions for the tourism industry and the "maquila"- industry. Furthermore, he reiterated the importance of a new auditing body for the Public Sector (El Tribunal Superior de Cuentas) and a new, less politicised Electoral Court and Civil Registry.

However, public opinion in general seems to disagree with him on the all-important issue of citizen security. While the responsible Ministry claims a drop-off in number of crimes reported, especially kidnappings and bank-robberies, several observers note that security is becoming the over-riding problem in Honduras. So far a new modern criminal code, and more independent courts are not paying off in more crimes being investigated, more defendants being brought to court and judged and found guilty. In the penitentiary system the overwhelming majority of inmates are still not sentenced. Reforming the Police is long overdue. The feeling continues to be that the justice system is severely flawed in favour of people with money to pay for lawyers. On top of this there has been a steep increase in killings of youths over the last two years, from approximately 200 to 600 (See 1.2 below).

It seems correct to conclude that the "maquila"-industry is picking up speed and that the tourism industry is growing. If this is sufficient to increase an endemically low economic growth-rate is, however, another question.

Maduro's Government inherited difficulties from its predecessor, especially in the economic arena with a growing budget deficit and an over-estimated growth rate for the economy. This forced Maduro to change his agenda and instead of pushing for his political reform agenda (size of Congress, directly elected congress-men, limiting the election-campaigns in time, change the immunity of members of Congress, etc), he had to invest all his work, and a big part of the Government's to elaborate an economic package to try to save the PRGF- agreement with IMF, that was virtually off-track as of December 31, 2001, i.e. under the Flores Government.

Given the situation that he only controlled about one-half of the Congress members from the National Party and that this party had a

minority in Congress, Maduro's power-base was too small. An agreement was made with the Christian Democratic Party, always willing to negotiate a deal, and a member from the tiny UDS-Party changed track and became independent. Through these measures a simple majority could theoretically be reached in Congress, but in practice sometimes paying a high price.

An example of this price was the changes, which were introduced by Congress in the economic package presented by Maduro during his first year in power. These changes to a large extent took the "teeth" out of the package, and consequently no agreement was reached with IMF. The changes were of course only benefiting the special interest groups. By not getting his initial proposal through Congress without major changes and the "let-down" by IMF, Maduro very early on in his Government showed weakness.

This weakness continues to haunt him: all proposals in Congress are subject to extensive negotiations, which often do not lead to improvements of the proposals, but to benefits for the special interest-groups. As a result the civil society, which initially had high hopes that the Maduro Government would make a difference, is by and large changing that assessment. A sense of frustration and disillusion in different circles is contributing to a situation of political indifference in the country.

Nevertheless, Maduro seems to be firmly committed to the Poverty Reduction Strategy, PRS and its reforms. Given this, he continues to work hard to increase spending in the social sectors resisting all attempts by the conservatives in his Party to change the ministers responsible for education and health and the minister in the Presidency.

To improve the fiscal situation and to accomplish an agreement with IMF one more economic package has passed Congress recently (see below). Overall, the reforms continue in health and education while the agricultural sector seems to be a mess with extensive subsidies and write-offs of private debts, heavily taxing the budget and often benefiting those who are well off, including prominent members of Congress.

Little or no progress is seen in security, decentralisation and anti-corruption. The risk is also that modernisation of the economic system is lagging behind, jeopardising a higher economic growth rate.

In the last semester the Government took a series of decisions that could eventually constitute critical obstacles to the decentralisation and municipal development process. An example of this is that the Government is exerting pressure to remove the existing Executive Director of AMHON, thereby indicating that it wants to politicise AMHON. In addition, the National Congress did not approve the Law of Water and Sanitation, which is intended to allow the decentralisation of water and sewage systems to the municipalities.

Honduras has continued to give high priority to the regional integration. Early 2003 the Nicaraguan decided to temporarily abolish the 35 % import duty on Honduran goods that was introduced to retaliate against Honduras for ratifying a maritime agreement with Colombia. Furthermore, Honduras and El Salvador finally seem to agree on how to continue the demarcation of the joint border.

To conclude: Maduro is forced to negotiate with the conservatives in the party to save the reforms in the social sectors. These negotiations have

led to some strange nominations in high positions in the public sector, as well as a tendency to play the system to favour economic groups closely linked primarily to the National Party. One such tendency is to declare, at will, an emergency situation to avoid competitive bidding and transparency before awarding contracts. Civil servants in high positions, who in doing a good job put important people close to the National Party at risk, are subject to pressure or forced silence. From this follows that people who possibly should be brought to justice can continue doing business as usual.

1.2 Human Rights development

Extra-judicial killings of children and youth are the Human Rights issue that still dominates headlines and the public debate. This issue was further highlighted by the Report, dated June 14, 2002, of the Special Rapporteur of the UN, Ms. Asma Jahangir who visited Honduras in August 2001. The Report states that children in Honduras have been killed by members of the security forces. Private security companies are also implied in these crimes. Predominantly, the perpetrators are unknown and impunity prevails. There is no clear message from the Honduran Government that this kind of crimes will be seriously investigated and perpetrators brought to justice.

The Permanent Commission for the Protection of the Physical and Moral Integrity of children was set up by law on 27 May, 2002 as a result of the above mentioned visit by the Special Rapporteur of the UN. Its first task has been to try and establish trustworthy statistics on the extra-judicial killings of children (up to 18 years old). The Government has presented its first Special report on the issue explaining the measures taken regarding investigation of these murders of children. The special Investigative Unit of the Police dedicated to these cases is concentrating on the crimes committed during 2001 and 2002 and especially the cases where police are allegedly involved. Meanwhile the statistics of 2002 confirm no diminishing of the killings of children and youth.

During the Governments presentation it was announced that minister of Interior, Mr. Alcerro will travel to Europe in relation to the Sessions in the Human Rights Commission in Geneva. The purpose of his visit is to give a more positive version of the Human Rights situation in Honduras and the country's efforts to clarify the killings of children and youth. The Government considers that NGOs such as the Casa Alianza are exaggerating the problems and thereby damaging Honduras' reputation.

In the middle of March seven prisoners in the prison of San Pedro Sula were found dead in their beds. They are said to have belonged to the youth gang "Mara 13" and were allegedly killed by rivalling gangs inside prison. On April 5 a horrendous massacre in the prison, El Porvenir in La Ceiba occurred. The death toll in this occasion was 69 people of whom about 60 were from the "Mara 18", youth gang. Also, this incident has been presented as violence between ordinary prisoners and prisoners organised in gangs. Human Rights organisations and others have however questioned this, suspecting motives of social cleansing and that the prison authorities were involved in the massacre. The crime site was destroyed and only few weapons were handed over to the investigators.

1.3 Economic development

The Honduran economy continues to develop very slowly. In 2002, the economy grew by only 2.1%, i.e. less than the population growth of 2.6%. It should, however, be noted that although the growth was small, it was considerably better than the average for Latin America, which recorded a negative growth of 0.5% in 2002.

The inflation, which in 2001 was 9.6%, was in 2002 reduced to 7.7%. During the first three months of 2003 an increasing trend has, however, been noted.

Honduras continues to suffer from low world market prices on coffee, although a slight recovery has taken place in the last half year. The maquila industry registered a downturn in 2001–2002, but at the end of 2002 there were indications of recuperation. The aggregated export value of the maquila industry in 2001, USD 550 million, was slightly higher than the export value of the three major products, banana, coffee and cultivated shrimp.

The value of private remittances from Hondurans living and working in USA is very important both as a contribution to the concerned families and to the national balance of payments. The officially registered remittances amounted to USD 650 million in 2002, but it is believed that the total value was considerably larger.

The negotiations with IMF regarding a new Poverty Reduction and Growth Facility, PRGF, programme are continuing. A planned IMF mission at the end of March was postponed and may take place in May. For this reason, the Consultative Group meeting between the Government and the donor community was postponed from 3–4 February to 11–12 June 2003.

The crucial issue in the discussions with IMF is the budget deficit, which grew from 1.3% of GDP in 1997 to 6.4% in 2001. In 2002 the deficit was reduced somewhat to 5.3%, due to the Financial Equilibrium and Social Protection Law which was introduced in May 2002.

On 2 April 2003, the Congress adopted a new tax law, Ley de Equidad Tributaria, which intends to further increase the tax revenues of the government. Some goods that had been exempt from sales tax are now taxable, together with the 13th and 14th monthly salaries for persons with incomes above 225,000 Lempira; and bonuses, gratifications and certain fringe benefits. Income tax will be paid on incomes above 90,000 Lempira per year. The new law may increase the tax revenues by the equivalent of 2% of GDP on an annual basis.

The long awaited civil service reform law, which is also an IMF requirement for a PRGF program, has still not been presented to the Congress, in spite of frequent indications that the draft law is ready. The intention to replace the present political employment system by an apolitical system based on recruitment in competition and with a unified salary system may be difficult to receive approval by the Congress, since it would mean a loss of power and influence by the political parties.

The largest expenditure item of the government budget is the salaries for teachers and medical doctors. Since the salary systems for these groups are determined by Statutes, it is not easy to remove or change them. Efforts by the government to negotiate salary increases which are

lower than the Statutes have been met by extensive strikes and demonstrations.

Efforts to reduce the government spending include the freezing of salaries for civil servants (except those that benefit from Statutes, whose salaries increased by 19.5% in 2002), the freezing of some vacant posts, elimination of supernumerary staff and studies to decide which public companies could be privatised or closed down.

The negotiations for a free trade agreement, Central America Free Trade Area, CAFTA, between USA and the Central American countries were initiated in the beginning of 2003. It is expected that the negotiations will be terminated before the end of the year. A potential problem might be the agricultural subsidies provided to the farmers in USA.

1.4 Poverty reduction strategy

The development of a system of indicators, SIERP (Sistema de Indicadores de la Estrategía para la Reducción de la Pobreza) to follow up the implementation of the Strategy has continued, but the implementation has not yet started. The intention is to establish a unit for this activity within the Ministry of the Presidency.

The Government has initiated a process to evaluate the first year of the Poverty Reduction Strategy and at the same time reviewing the Strategy. The Government circulated a draft report on the advances and revision of the PRS to the civil society and the donors for comments in March 2003. On behalf of the G15, Sweden and UNDP will co-ordinate the efforts of systematising the donors comments. The intention is to present the final version to the Consultative Group meeting in June 2003.

It is obvious that the Strategy has not been implemented to the extent planned, since neither the domestic economic growth and revenues, nor the foreign resources have reached the amounts foreseen in the Strategy document. It is important to note that, due to the inflated costs for salaries to teachers and medical doctors, the increased spending on the social sectors has not necessarily resulted in poverty reduction activities.

2. Swedish Development Co-operation and Donor co-ordination

2.1 Disbursements and planning

The disbursements during 2002 amounted to 100 mSEK, which was exactly the amount that had been allocated for development co-operation with Honduras. The planned disbursement of 60 mSEK as general budget support was not effectuated due to the fact that Honduras did not have any IMF-programme.

For 2003, 135 mSEK have been indicatively allocated for development co-operation with Honduras. The disbursements have, however, been very slow during the first part of 2003.

2.2 Donor co-ordination

During the second half of 2002, when Japan held the Presidency of the G15 donor group an interview was arranged by one of the leading newspapers, El Heraldo, with the Head of the Swedish office in Tegucigalpa. The interview provided an opportunity to address problems and concerns such as the fiscal deficit, the teachers' salaries, corruption, etc. The reactions from the donor community as well as from the Honduran authorities, were very positive to the frank views expressed in the newspaper.

During the first half of 2003, the presidency of the G15 is held by the United Kingdom. The main actions will focus on the following transformation issues: anti-corruption and transparency, human rights including citizen security, and improved institutionality including increased capacity to collect taxes. Meetings between the Ambassadors and Representatives of the G15 have taken place with different ministries, political parties, National Congress and prominent public figures such as the Honduran Cardinal. The Honduran Government and the G15 organised in March 2003 the first meeting for the harmonisation of donor co-ordination under the guidance of the Honduran Poverty Reduction Strategy.

2.3 Sida/IDB partnership

Some of the main initiatives promoted under the Partnership Fund have matured in the period:

- a) The US\$ 10,3 IDB housing reconstruction loan to be executed through FUNDEVI has started operating and the first 50 houses are already built. Continuous co-ordination between Sida, IDB, and KfW to secure project implementation is taking place.
- b) A directory book containing the main results of the mapping of civil society was published and distributed widely through civil society, government and international co-operation agencies.
- c) A new proposal to work for the strengthening of civil society in the coming years was discussed and approved. The effort will be co-financed together with DFID's Trust fund in the Bank (CABILICA) and resources by Honduran Civil society organisations.
- d) The study on the juvenile delinquent gangs ("maras") in the area of San Pedro Sula was finished. This study constitutes an important input for the preparations of a US\$20 million project that IDB has approved on promoting citizen security in the northern municipalities of the Sula Valley in Honduras.
- e) The IDB-Sida Partnership financed the civil society consultation process of the Document that the Government will present in the next Consultative Group meeting. More than 400 delegates from different organisations of civil society participated in the process. The results were presented in the tripartite meeting held the 10th of December 2002 in Tegucigalpa when Japan finalised its Presidency in the G15.
- f) A new proposal to analyse the different ways to manage decentralised waters systems was approved. The study however depends on whether the National Congress approves the Law on water and sanitation.
- g) New initiatives to be considered by the Partnership Fund in the coming months are: i) support to a workshop where the monetary remittances from Hondurans living abroad will be discussed; ii) supporting initiatives of indigenous populations

3 Projects and programmes

3.1 Democratic governance and human rights

3.1.1 Democratic Governance program

The agreements regarding the prolongation of the programme for Democratic Governance which were signed with the Honduran Government and the UNDP in March 2002 have been prolonged without additional funds. The new agreement runs through December 31, 2003 and amounts to 29,8 MSEK.

The prolongation of the programme contains the area of *Gender Equity* in co-operation with the National Women's Institute (INAM) and the Ministry of Agriculture. The National Women's Policy and the plan for its implementation (2002–2007) were declared official policy of the State by President Maduro on November 7, 2002.

This has given INAM strengthened possibilities in its role as the normative authority co-ordinating the implementation of the Policy through formal agreements with the line ministries, autonomous entities of the state and the municipalities. Sweden supports the implementation of the five areas of the Policy, concerning; health, education and media, economic participation and poverty reduction, violence against women, and social and political participation.

Another part of the programme is the support to the Public Prosecutor's Office and the *five special prosecutors for women, human rights, environmental issues, ethnic groups and consumers*. A strategic plan for professionalisation of the staff has been designed and several courses have been accomplished during this period. Aside from specific education on the thematic areas, general courses regarding the new Law on Penal Process and issues on Forensic Medicine have been carried out. During the period a specific effort regarding education in forensic medicine, forensic odontology, and forensic psychiatry has been made in co-operation with the University of Havana, the National University of Honduras and the Public Prosecutor's Office. This has resulted in certified operators in these areas which is a requisite in the legal process according to the new Law on Penal Process. The other part of the project concerns the use of IT in the work of the Public Prosecutor. The expansion of the Intranet that includes the regional public prosecutor's Offices and the different departments of the headquarters is proceeding.

The projects with *the National Congress* and regarding *Political and Electoral Reform* are closely interrelated, but it is becoming clear that parts of the proposed reforms need to be in place in order for the technical assistance to Congress to have an impact. However in the area of IT in Congress the work is concentrated on operationalisation of the installed database on legislation and parliamentary procedures. In December a revised activity plan was agreed between the National Congress, UNDP, IDB and Sweden. The idea is to prioritise activities that permit the investments in capacity building and IT to facilitate the implementation of a planned IDB loan for modernisation of the National Congress.

The previous and current phase (1998–2002) of the Democratic Governance Programme was evaluated by an external team (Hifab International) contracted by DESA. (Sida Evaluation 02/25.) The main objectives of the evaluation were to analyse the results of the programme, the value added of working through the UNDP, issues of ownership and partnership as well as prospects for alternative areas and methods for Swedish co-operation with Honduras in the area of Democratic Governance in the future.

The conclusions of the Evaluation can be summed up as follows:

- The programme idea was poorly developed from the design phase. As a result individual projects did not benefit from the programme approach. The same results could probably have been attained through separate projects.
- The support in the areas of statistics, gender equity, decentralisation and electoral reform has been quite successful and vital to the country's development. In the area of modernisation of Congress and the Attorney General, however, less impact was achieved.
- The technical assistance provided by UNDP was found to vary between projects, possibly because the requirements were not adequately defined in the design phase. Sida should have taken a more active part in the design phase.
- The Evaluation considers UNDP to be a comparatively cost efficient partner for project management, but observes that bilateral co-operation, co-financing with other bilaterals and Development Banks could be possible alternatives for any future democratic governance programme.
- In March 2003 the preliminary assessment of the conditions for future Swedish Development Co-operation in the area of Democratic Governance has been initiated, with the support of a national consultant team.

3.1.2 Human Development Report

The national Human Development Report for Honduras 2002, was finished and presented to the public in December. Its sub-title is "For a Democracy of Inclusion". The HDR this year presents an interesting insight in the relationship between democratic development and human development. Specific interest has been given to the issues of Human Rights as a means to create Democratic Values, the quality and function of the Justice System. Social Capital and the building of citizenship are

other important issues in the HDR 2002. The HDR is still the most widespread analytical document of the Honduran reality. The issue of 2002 takes a considerable step forward regarding presenting current data due to the existence of statistics from the 2001 Census and the household surveys made by the National Institute for Statistics, INE, both supported by Sweden.

3.1.3 Transparency

The IDB-program regarding Efficiency and Transparency in acquisitions and contracting within the state administration, which receives a Swedish support of 8 MSEK during a period of three years, has begun to operate after a series of delays. Since Price Waterhouse Coopers was contracted for the component on inspection of tendering processes they have created a database of all existing projects both financed through the national budget and through international co-operation. The Consultative Council, consisting of representatives from Government, Civil Society and Donors, was constituted and meets every week since the 17 of February, 2003. Its role is to oversee the work of the inspections of the procurement processes, pass the inspections to the Minister of the Presidency and the National Controllers office and to follow up that the recommendations are being followed. The Consultative Council also has the task to follow up that the operative phase of the remaining two components regarding a National System of Acquisitions and Contracts and the corresponding capacity building will reach its expected results.

3.1.4 Forum for Strengthening of Democracy (FFD)

Sweden supports FFD in the amount of 500 000 SEK during one year.

The three main objectives of the support are:

- to facilitate processes of consolidation of democracy in relation to poverty reduction.
- to facilitate the creation of an environment that promotes citizen participation in the area of Political Reforms.
- to support the Judicial Reform.

In all cases the main means of operation is promoting civil society participation in processes of national interest and creating forums for dialogue and consensus building. An important part of this work is the formulation of a long-term country vision that relates the reduction of poverty to democratic development. During the period the program for citizen participation in the area of political reform has begun a series of seminars. Each seminar is followed by a second session for youth from the political parties and civil society. Sweden is a member of the executive board of FFD where also several other countries are represented as well as Honduran Civil Society organisations and the political parties

3.1.5 The National Anti-Corruption Council

A decision to support the second phase of the National Anti-Corruption Council was taken on August 15, 2002, in the amount of 550 000 SEK, during one and a half year. The Swedish support is used to strengthen the institution as such and to promote the implementation of the Na-

tional Anti-Corruption strategy in the different regions and sectors. Two capacity building events have been carried out in the Departments of Olancho and Intibucá in order to bring together regional, municipal and civil society actors for transparency and anti-corruption work. These courses gave an opportunity to inform about the Council's strategy and work and at the same time understand the specific perceptions on corruption and priorities in the different parts of the country. The objective is to promote the creation of local anti-corruption entities at municipal level. A specific seminar on Democratic Governance, Transparency and the right to Public Information was held with owners and workers within the media sector. Two seminars have also been held with youth movements of Honduras.

The work of the National Anti Corruption Council had an important break-through in January 2003, as the Council through its president, Cardinal Oscar Andrés Rodríguez brought to the general public's attention the corruption and mismanagement within the financial sector. The council helped to bring all powers of the State together in order to participate when the Head of the National Commission of Banking and Insurance made a presentation of a case against owners of banks and insurance companies who have misused their clients' funds for their own gain. The cases are now handled by the National Prosecutor and it is on the Anti-Corruption Council's agenda to follow up these legal processes.

3.1.6 Human rights

The Human Rights Ombudsman in Honduras receives an institutional support of 7,5 MSEK during the period 2001–2003. They are implementing their activity plan in accordance with the original objectives of strengthening the regional offices and creating a special program for the defence of Women's Rights. The program for Women's Rights was presented to the public in September, 2002 and has since then been an important actor in the follow up of the National Women's Policy. The Human Rights Ombudsman also plays an important role in the promotion of Municipal Ombudsmen against corruption. The HRO provides capacity building and also support in organisational efforts on local level regarding transparency and human rights.

3.1.7 Defence reforms

The project on reform of the national defence is carried out through the UNDP with support from Sweden, Holland, Argentina and Great Britain. In the area of military/civilian relations the dialogue between the Military, the victims of Human Rights violations in the 80s, and the Human Rights organisation has continued. The negotiations regarding the constitution of such a commission has however come to a stop. The civil society stakeholders need to come to an agreement on the mechanism and the State needs to define its participation aside from the military representatives. The second phase of the support, audit and restructuring of the Prevision Institute, has been initiated with the technical assistance of the Swedish branch of BDO which has led to the restructuring of the IPM. The Inter-American Institute (IIDH) has carried out a study regarding how the department for Human Rights and Interna-

tional Humanitarian Law of the armed forces is functioning and a proposal for reorganisation for Human Rights. During the month of March the recommendations of this study have been used in a two-week course for military educators in the area of Human Rights, led by IIDH.

3.1.8 Decentralisation and Municipal Strengthening

The project continued its preparation for its final phase and closure by the end of June 2003. During the period it continued supporting the consultation process for the institutional strategic development plan of the Municipal Association of Honduras AMHON. The Plan was endorsed by AMHON and presented in a public meeting held in Tegucigalpa in February 2002. It also supported the Ministry of the Interior and Justice in the development of its Decentralisation and Local Development Program PRODEL. Support was also given to the five municipalities that receive technical and financial assistance from the program. The project also supported with other donors a workshop where 50 different 'mancomunidades' or regional associations of municipalities presented their achievements. Finally, it also presented all the documents it has systematised during the last four years of the project's experience in different areas of municipal development.

3.2 Economic and social development

3.2.1 Support to economic reforms

The Agreement, signed in March 2002, between the Swedish and Honduran Governments, that was intended to provide general budget support to the amount of SEK 60 million, has not yet resulted in any disbursement since Honduras is still off-track in its relations to the IMF. The intention is to disburse the support once a new PRGF programme between Honduras and IMF has been agreed.

In October 2002, the Embassy submitted a memorandum proposing Swedish general budget support to Honduras in 2003. This document was, however, not included in Sida's overall request for support to economic reforms, which was submitted to the Swedish Government. The reason for this was partly that the budget support for 2002 had not been disbursed and partly that the Swedish Government normally is not willing to take decisions on support to countries whose IMF-programs are off-track.

3.2.2 Statistics

The Agreement with UNDP on the Good Governance programme, which includes Swedish support to the improvement of the System of National Statistics and the National Statistical Institution, INE, is in the process of being extended again without any additional funds. The validity period will be extended until the end of June, 2003.

During the last months of 2002, the Embassy carried out an assessment of a proposal for future Swedish support during the next five years to improve Honduras National Statistical System. In December 2002, a Specific Agreement, amounting to SEK 20 million, was signed with Honduras. At the same time, an Administrative Agreement was signed with the Inter-American Development Bank, IDB, on co-financing. The Honduran Congress has approved a loan, amounting to USD 4 million,

from IDB. Thus the only remaining requirement before the implementation of the project can start is an Agreement between Honduras and DFID to co-finance the project by USD 1 million.

3.2.3 Health

Sida's Project Committee approved in October 2002 the assessment memo regarding bilateral support in the field of Health to Honduras. The Specific Agreement, providing support of SEK 70 million during a three-year period, was thereafter signed between the two countries in December 2002. The areas of work include: the organisation of governing units in eight Departments; promotion of the concept of equitable access to health services; implementation of the previously developed model of attention; equitable primary health services to vulnerable target groups; improved coverage and management of water and sanitation; and incorporation in the health system of the results reached in the programme.

Through the new Agreement, the co-operation between UNICEF and the Honduran water authority, SANAA, on water and sanitation, will continue as a sub-project to the Health project. The purpose of this is to take advantage of the fact that water and sanitation is closely linked to health issues. UNICEF has therefore signed a sub-Agreement with the Ministry of Health of Honduras on this component.

Preparations were made to hold a seminar in the beginning of April 2003 on two aspects, Intra-family Violence and Adolescent Health, of the new regional health agreement, which is valid for the period March 2002 to June 2005. It is planned to have participation from the Ministries of Health in Honduras, Guatemala, Nicaragua and El Salvador, together with staff from the OPS offices in the same countries and Washington, as well as Sida staff from Stockholm and the region.

3.2.4 HIV/AIDS

The Swedish support, through PAHO, to two projects in the field of HIV/AIDS were terminated at the end of 2002. One of these was the STD/HIV/AIDS-program which was extended in April 2002 with an additional SEK 3 million and the other was the project regarding social support, education and improvement of the quality of care and service to children and their family members infected by HIV/AIDS, amounting to SEK 2.7 million.

Remaining activities, supported by Sweden, in the field of HIV/AIDS, are now covered in the Adolescents Health component of the regional programme financed through PAHO.

There has not yet been any disbursement from the Global Fund for activities in the fields of HIV/AIDS, tuberculosis and malaria. The Global Fund decided 2002 to give USD 42 million to Honduras. Before the funds can be released, Honduras has to present plans on the handling of the funds.

3.2.5 Water and sanitation

The agreement between Sida and UNICEF regarding water and sanitation has been extended again without any additional funds and is now valid until June 2004. The project has aimed at improving the water and

sanitation conditions for poor people as well as educating people within areas of democratisation, organisation, gender, sanitation and hygiene. The activities during the remaining period will be concentrated to the poor peri-urban areas around Tegucigalpa.

3.2.6 FHIS: Social program, vulnerable groups

FHIS presented in November 2002 the draft of the final report. Observations and comments were done. The validity of the agreement was extended until the end of May 2003. It is expected that the final and audit reports will be presented by FHIS by the end of April 2003.

3.2.7 Choluteca water

In October 2002, the Municipality of Choluteca through UNDP presented the project proposal for the second phase of support to the water system in the municipality. Consolidation of the mixed-company 'Agua de Choluteca' is taking place. Sida visited Choluteca in December to have a better understanding of the progress done. A memorandum will be written and discussed for the approval of the project. The decentralisation obstacles and the internal problems of AMHON could become serious obstacles to the approval of the project since the assumption of the project is that there will be a Law of Water and Sanitation passed by National Congress.

3.2.8 Education

Many studies (including the one commissioned by Sida in 2001) have shown that although Honduras has relatively good primary education coverage, the quality of the education is very poor. In the second half of last year the Honduran government presented a strategy for improving primary education quality. This was made within the realm of the so-called "Education for All – Fast Track Initiative" targeting the millennium goal to "Achieve universal primary education by 2015" (<http://www.unesco.org/education/efa>). This strategy lies well within the area of support that Sida aims to target for education in Honduras and ongoing preparations are made to analyse how funds can be channelled to the Honduran government in support of their EFA-FTI strategy.

3.2.9 Research co-operation

Sida continues its preparation of a research co-operation with Honduras and its major public university, Universidad Nacional Autónoma de Honduras (UNAH). The aim of a future co-operation will be to increase the academic capacity of the teaching-staff at the UNAH combined with support to the country's own university reform process. In October 2002 and in February 2003, Sida/SAREC made visits to Honduras to discuss the Honduran proposals on academic and institutional co-operation. An international consultant was hired during February to assist the UNAH in developing a strategic and logic planning of projects for institutional development.

3.3 Reconstruction post Mitch

3.3.1 Bridge Reconstruction Programme

The 11-bridge reconstruction program ended when the certification of guarantee and quality was extended to SKANSKA and SWECO at the end of 2002. The work of the two Swedish companies has been praised and admired in Honduras by central and local governments, civil society and the international donor community.

The next venture of Sweden in the area of bridges relates to the Stockholm Bridge in Tegucigalpa. Sweden and the Inter American Development Bank (IDB) signed in December 2002 an agreement to co-finance the building of the 'Stockholm' bridge in Tegucigalpa. An agreement was also signed with the Honduran Ministry for Technical Co-operation (SETCO). The institution responsible for the execution of the project will be SOPTRAVI (Ministry of Public Works, Transport and Housing) with strong co-operation from the Municipality of Tegucigalpa. A local consultancy firm ACI is working on the design of the bridge. The Swedish Development Co-operation Section with Honduras hired SWECO to assist, through frequent short visit to Honduras, both SOPTRAVI and the Municipality of Tegucigalpa in their preparation stages for the design and execution of the bridge. The total cost of the bridge and the adjacent supplementary roads required for expediting traffic in and out of the city will be approximately 3.8 MUSD. Sweden will co-finance the project with 15 MSEK. Another 1.5 MUSD will be obtained through a loan from IDB. The Municipality of Tegucigalpa will finance the difference. The Bridge, to be named "Stockholm" in recognition of the role Sweden played in the process of reconstruction and transformation of Honduras, will connect the city of Comayaguela with Tegucigalpa.

3.3.2 Housing

The specific agreement for the second phase of Swedish support to the Social Housing Sector in Honduras was signed in December 2002. The total Swedish contribution is 52,5 MSEK for a period of five years. It will benefit about 6,000 families through four main components: a) basic services and infrastructure in existing and new settlements; b) micro-credits for housing improvements; c) support for land regularisation and titling; d) support to the housing sector institutions in Honduras. A main condition for the use of the funds of the second phase is that FUNDEVI finishes all the pending institutional transformation processes, including the process of selection of a new Executive Director. The design and execution of the second phase is being done in close co-ordination with KfW and IDB.

One of the external obstacles FUNDEVI faces relates to the newly created national program Housing for People, which created expectations among the target population of FUNDEVI that they would receive a new house and a significant amount of subsidies by the State. As time passes, people realise that the program is not aimed necessarily to the poor sectors of society.

3.4 Other areas

3.4.1 FOCUENCAS (CATIE)

Focuencas, which is a regional project managed from the Swedish Embassy in Nicaragua, has been prolonged one year without additional funds. Work has continued directly with local authorities and support to the micro projects, in Honduras mainly in three areas. The co-operation with the municipalities is very positive and there is a great interest from the communities to participate in the projects. Focuencas is now being evaluated and the final report is expected in April 2003. A decision will be taken promptly concerning a possible continuation of the project. Concerning the direction of the project, a change can be foreseen towards focusing more on documentation of experiences and methodology. In March 2003 the project presented its annual work follow-up, one report for Honduras and one for Nicaragua. The annual meeting covering the project for the two countries, will be held in May 2003.

3.4.2 *Environmental co-operation Stockholm – Tegucigalpa*

The project consists of five components;

- Institutional Support and Competence Development
- Industrial Waste Management
- Environmental Campaign
- Hospital Waste Management
- Urban Planning

So far, the two first components have been approved. The first yearly meeting was held in February 2003 and a yearly report has been presented and approved by all parties.

The Strategic Plan for Waste Management in Tegucigalpa was prepared by the Municipality during 2002 in active co-operation with the experts from Stockholm. The plan was later approved. The institutional support has continued during the period, assisting in the process of privatisation, advice on contracting, pre-qualification and bidding procedures. Expertise and advice have been given in the area of cost-recovery and supervision of waste collection. A consumer service centre has been incorporated to be able to receive complaints with the aim to improve the service provided to the public. The marginal areas are incorporated in all the different steps, but it is also monitored separately given its crucial role.

In the Industrial Waste Management, 30 major industries in Tegucigalpa were chosen as a pilot project for industrial supervision. Inspections have been carried out on all 30 industries and a system of reporting and follow-up has been set up. A good co-operation has been obtained with the owners of the industries through a conference held in order to have an open dialogue. Furthermore, work has started on the design of control programs for the industries as well as an action plan for industrial supervision. A plan for hazardous waste management has been presented. Work has started concerning the Ordinance on Producer's Responsibility by using the experience that exists in this area in the City of Stockholm.

Preparations have been made concerning the subprojects 3 and 4, Information Campaign and Hospital Waste. The Municipality of Tegucigalpa has presented project proposals. Counterparts from Stockholm have been chosen and are preparing their first visit to Tegucigalpa in August 2003. A decision concerning these resulting subprojects is expected shortly.

3.4.3 Culture

The *regional culture programme* in Central America includes co-operation within the areas of library, museums and theatre. In December 2002 an agreement of

SEK 3 397 000 was signed with the Honduran government on library support. This agreement was signed within the realm of the regional library support in Central America. The assessment for proposals on future co-operation within the areas of theatre and museums continues.

3.4.4 International training courses

Six persons (3 women and 3 men) have been selected to participate in Sida's International Training program:

Global Nutrition	1 person (Colegio Médico) 1 person (UNAH-National University)
Project Management	1 person (Justice and Governance Min.)
Remote Sensing Education for Educators	1 person (UNITEC-Technology Univ.)
Environmental Impact Ass.	2 persons (Ministry for Public WorksSOPTRAVI)

3.4.5 Swedish non-governmental organisations

In a decision by RELA on January 17, 2003 the regional program for strengthening of civil society managed by *Diakonia* was granted an additional support of 2.2 MSEK for work in Honduras 2003. The main focus of this additional support is the area of advocacy and local organisation related to the Poverty Reduction Strategy and the setting up of a mechanism for Civil Society Consultations within the National Congress. The Honduran partners in this work are FOSDEH, CIPRODEH on national level and CASM, ASONOG and OCDIH for work in the northwestern part of the country.

Swedish Co-operative Centre is in the final phase of the reconstruction and transformation programme after Mitch, carried out together with both co-operatives and other local organisations. In the areas of safe guarding food security, and rehabilitation and development of economic activities the program is following its plans. In the area of housing, regulations for the revolving funds have been agreed with the co-operative movements that participate and the construction and repair work is in full implementation. Also in the area of popular organisation and participation it seems that the effort to create democratic and transparent structures for decision-making and financial management is having good results that inspire other efforts on local development. An external evaluation of the program will be carried out during the months of June and July, 2003.

4. Information

In the field of communication, the strategy includes five components. The following are the main activities related to these components:

Within the Information Resources component it is considered:

- Completion of five key program fact sheets
- Completion of a booklet draft about the new Swedish strategy
- Design of the layout of five posters about the new Swedish strategy
- Completion of the first version of the web page to be launched during the second semester of 2003
- Staging of an education/investigation stand for an international co-operation exposition

The Press component included the creation of a National Press Directory; the press coverage for signing of health and housing agreements and for the project of the Stockholm bridge; and the distribution of monthly press kits with updated information for journalists. A political dialogue was also supported with press coverage in which the Ambassador Maria Leissner and the Counsellor Jan Robberts played leading roles.

The Communication in Projects component covered the continuation of a communication consultancy for the organisation FUNDEVI, a counterpart of Sida in social infrastructure. A new proposal was also introduced by INFO/Sida during this semester to develop a strategic process of communication in order to support the projects carried out in Honduras.

Regarding the Training component, a workshop was given to the Program Officers on Mass Media intervention and Honduran Press. A workshop on Power Point basics was also given to two program officers in response to their request.

The Internal Communication component included the completion of an eight-sessions workshop about internal communication to the local staff and of a proposal of a Code of Conduct presented to the local and Swedish staff.

Other activity related to the area of communication was service to the public on its information requests.

5. Administration and staffing

The Tegucigalpa office became a fully delegated office January 1, 2003. This decision is based on a review by the Field Unit in October 2002.

The staff of the Section consists of 16 persons in total. The staff sent from Sweden is the Counsellor (Head of Office), the Head of Administration, two Programme Officers and one BBE. The locally recruited/employed staff is the Expert Programme Officer and one locally employed Programme Officer. Among the administrative local personnel is one administrator/bookkeeper, two secretaries, three drivers, one of whom with part time responsibility for office/house maintenance, one part time Swedish-speaking archivist, one gardener and one maid/cleaner.

A Communication officer is performing information activities through a Consultancy contract.

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



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