

Activity Brief  
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**FRIDE**  
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# Swedish exit from Honduras: Devising good practices

## About FRIDE

FRIDE is an independent think-tank based in Madrid, focused on issues related to democracy and human rights; peace and security; and humanitarian action and development. FRIDE attempts to influence policy-making and inform public opinion, through its research in these areas.

## Introduction

With strong support from the European Union Code of Conduct on the Division of Labour (CoC) and the Accra Agenda for Action, the international division of labour is now at the forefront of the aid effectiveness agenda. Faced with the fragmentation of aid amongst numerous recipient countries, donors are committing to geographic concentration. While this entails phasing out from recipient countries previously deemed to be a priority, the international division of labour is yet to be translated into good practices or a more in-depth dialogue at international level. Based on the experiences of Swedish cooperation, a FRIDE research project is analysing the implications of donor exit for the principles of the North-South partnership. To this end, five country studies are being carried out, starting with the case of Honduras.

At a workshop held on 27 February 2009 in Tegucigalpa, FRIDE gathered 18 representatives from the Honduran government, SIDA, and other bilateral and multilateral donors, implementing agencies and civil society organisations. Three hours of debate focused on the

consequences of the Swedish exit and on identifying potential good practices that may guide the debate between donors and recipient countries at the international level.

## Between sadness and joy: The impact of the Swedish exit

The potential impact of the departure of the Swedish Agency for International Cooperation (SIDA), announced for the end of 2010, was discussed in a frank and open environment.

All participants agreed on the crucial significance and enormous value of SIDA's contributions during its presence in Honduras. Sweden pushed for the Stockholm Declaration that promoted the reconstruction and national transformation process in the aftermath of Hurricane Mitch (1998) and provided the foundation for the core mechanism of donor coordination, i.e. the group of development partners (G16). The Swedes advocated sensitive issues such as transparency, human rights and gender equality and showed a remarkable capacity for dialogue, with strong respect for and understanding of the Honduran context. SIDA has strategically supported the agenda for political reform and state modernisation from within the country, providing close political support to the most progressive national stakeholders. The most notable examples include Sweden's unconditional support for the National Institute for Women (INAM, by its acronym in Spanish), health policy reform and the strengthening of the National Anti-Corruption Council (CNA, by its acronym in Spanish). Being the only like-minded Nordic donor in Honduras, it has played a central role in promoting the Paris agenda, especially in the use of new aid modalities, such as basket funds or programme-based approaches. Within a very small donor community, SIDA succeeded in establishing innovative patterns, for example in

municipal budgetary support and the decentralisation of public management in departments that are members of the Western Regional Space.

Throughout the workshop, a double consensus emerged on the possible impact of the Swedish exit, which was marked by "sadness and joy". The loss of the institutional, professional and human quality of SIDA may affect the room for manoeuvre of the pro-reform Honduran sectors, at a critical moment for governance (with general elections to be held at the end of 2009). In the future, the rather conservative existing donor community will surely lack fresh ideas and institutional commitments to aid effectiveness. In the Honduran context there is no viable substitute for a progressive donor like SIDA. Moreover, some strategic programmes, such as the Social Audit Programme or the National Institute for Statistics, could become seriously weakened in the absence of Swedish strategic support. In general, the Swedish exit implies the loss not only of "money", but also of the specific value of financing arrangements based on commitment, transparency, respect and dialogue.

Nonetheless, participants agreed that the Swedish phase out will benefit from the fruits of a decade of strategic investment in institutions and national capacities, particularly in areas where Sweden has made a lasting impression. National stakeholders at the workshop highlighted the enormous support provided by SIDA to strengthen institutions such as the National Institute for Women or the Ministry of Health, which currently have sufficient institutional capacities to continue with their agendas as policy makers and implementers. The extraordinary quality of Swedish aid allowed national players to achieve strong strategic ownership of basically all the processes supported by them. In some cases, there are government commitments to assume part of the financial deficits, while the rest of the donors could review their cooperation priorities to support possible orphan sectors and programmes, especially those related to sensitive issues, such as good governance, human rights or democracy consolidation.

## Lessons learnt and good practices

Some participants expressed serious doubts about the unilateral decision of the Swedish government to withdraw its help, given the national needs related to Honduras' politico-institutional fragility and the peculiarities of its donor community (the lack of like-minded donors, the limited number of donors, poor coordination and difficulties in the implementation of the Paris Declaration). In the absence of commercial or financial interests, Sweden failed to articulate relations beyond cooperation for development, thus making it difficult to maintain bilateral relations of some depth after its departure. The general perception was that there had not been enough dialogue between Stockholm and the Honduran government (nor with the other European donors) to frame the geographic concentration of Sweden's cooperation policy within the fundamental premises of the CoC approved by the European Council in May 2007.

In spite of the fact that this decision could be deemed a "bad practice", participants agreed that the Swedish phasing out is proving an exemplary process that is conducive to generating good practices. The culture of dialogue characteristic of SIDA in Honduras was pointed out, as was the professional commitment of its staff to ensure sustainability and to limit the negative impact of the exit as far as possible.

The lessons learned and good practices to be found in Sweden's phasing out from Honduras can be described as follows:

### Enter well to exit better: A bid for sustainability from the outset

The framework for SIDA's aid in Honduras was based on the 1999 Stockholm Declaration, which focused on the national transformation process, and Sweden

pledged its commitment to the institutional sustainability of the actions to be undertaken, particularly in sensitive sectors. From the outset, SIDA strategically supported the leadership of national figures and simultaneously maintained a constantly high capacity for political dialogue. SIDA took advantage of its presence in Honduras for its own learning in the face of the country's complex political economy. Sweden's entry was inspired by the promotion of ownership by national players and processes, thus avoiding dependency and achieving a solid basis for sustainability in the country. Another example of entry strategies can be found in the alliances that SIDA established with multilateral agencies, such as the one with the United Nations Development Programme (UNDP) that aimed at improving electoral processes and will likely continue beyond Sweden's final withdrawal.

### Taking ownership and leadership seriously: Investing in national institutions and capacities

Within its serious commitment to the bases of the Paris Declaration, SIDA managed to articulate and address its efforts towards the development and consolidation of national institutions, public policies and local capacities. The extraordinary value of Swedish cooperation lies in its support to institutions in which it has "believed". Nowadays, these institutions are the governing bodies of the country's policies and have their own politico-institutional strategies and professional staff. This enables agencies such as the National Institute for Women, the National Anti-Corruption Council and the Ministry of Health to use their own institutional strength to ensure the continuity of policies, be it through the management of national financing or through the support of the donor community that remains in the country. In other cases, such as the Western Regional Platform (EROC, by its acronym in Spanish), alliances will be sought not only with the donor community, but also with the country's most progressive and pro-reform political sectors.

## Increasing room for manoeuvre: Phase out negotiation and timing

National stakeholders in particular pointed out that SIDA had negotiated the terms of its phase out from the outset and had given a generous temporal framework (three years) to national institutions to adapt their processes and tools. In some implementing bodies, the information provided had facilitated the integration of Swedish phasing out into strategic planning and/or had implied reinforcing improvements in institutional capacities. The performance of SIDA Honduras in the design and implementation of its phase out plan was perceived as very consistent with the respectful and committed attitude it had held vis-à-vis national stakeholders and the other donors over ten years of cooperation with this Central American country. This all served to facilitate communication and interaction between the various parties involved in or affected by the Swedish exit.

## Assuming responsibilities: The role of the Honduran government

Beyond the issue of SIDA's performance, some participants noted the Honduran government's opportunity and need to assume its responsibilities in strategic sectors and programmes that could become partially or totally orphaned after the Swedish exit. This referred to the issue of financial support, which is increasingly necessary in the present context of the financial crisis and the growing withdrawal of aid by donors of the Development Assistance Committee (DAC) for Latin America. The high dependency of Honduras on international aid to cover public investment in social sectors merits reflection. The Honduran government could also strengthen its politico-strategic commitment with the progress already achieved in sectors such as education or health. In the on-going process of greater concentration of donors by sectors, free spaces left by the Swedish departure could be identified and analysed, under the leadership of the Honduran government, in order to invite other donors to meet national priorities that lack international resources.

## Sharing sustainability with other donors: Coordination and joint responsibility

Since the beginning of its phase out, SIDA has sought to coordinate with other donors so that they take responsibility for sensitive sectors such as governance and human rights in the future. In the face of the risk of potential setbacks perceived by some participants, particularly regarding the strength of the more progressive national actors, a greater sense of joint responsibility in the donor community still needs to be developed. This is where the role of European donors is crucial, including that of the European Commission, because their headquarters are promoting the European CoC, which still lacks articulation at country level. Donors currently reviewing and/or increasing their cooperation with Honduras (such as Canada and Spain) could take Sweden's departure as one of the key factors influencing their future planning, which could benefit from a greater leadership of the Honduran government to ensure financing in priority sectors.

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## Looking ahead

This workshop provided the first independent forum for analysis and dialogue between national stakeholders and the donor community on the issue of the Swedish phase out. For the participants, the meeting was of great value given that the announcement of the exit (in August 2007) had been politicised by the media, hindering any constructive debate during the initial steps of the process.

The workshop generated some key inputs to the activities that SIDA Honduras will develop over the coming months. FRIDE, for its part, will publish the case study on Honduras in April 2009.

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