

Putting Poverty Reduction Strategies into Policy and Practice in Honduras and Nicaragua: an NGO Perspective

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This article provides a civil society perspective on the experience of developing poverty reduction strategies in Nicaragua and Honduras, two heavily indebted countries among the poorest in Central America which are dealing with the destruction wreaked by Hurricane Mitch in 1998. Formulation of poverty reduction strategy papers (PRSPs) by both governments in consultation with their respective civil societies, is now one of the conditions for debt relief under the World Bank and IMF's Heavily Indebted Poor Country Initiative (HIPC) and is still in its early stages. It is important to assess how the process is operating and the challenges it poses for both the governments and civil societies of Honduras and Nicaragua as well as for Northern NGOs.

The author raises two core questions: How different will the macroeconomic framework for PRSPs be from structural

adjustment? In many instances in the two countries and beyond the indications are not very positive that it will be significantly different. Second, how much will the views of civil society be included in the final PRSP document, especially as these relate to structural reforms to tackle the causes rather than merely alleviating the manifestations of poverty? PRSPs do provide a new policy landscape and advocacy opportunities. Governments have to undertake PRSPs as a "process" conditionality for debt relief. A dilemma facing many civil society groups is to know when to engage with the process and when to confront it in their pursuit of economic justice and radical social change.

Introduction

There is effervescence in Central American civil society not seen since the mobilisation for peace at the start of the last decade. The surprising catalyst for this process is the HIPC (Heavily Indebted Poor Countries) initiative,¹ a flawed and convoluted instrument of the international financial institutions (IFIs) created to address the excessive debt burden of poor nations. Despite the fact that social activists see HIPC as coming too late and yielding too little,² the initiative has mobilised civil society and governments in Central America, in a way which the 1995 UN World Summit on Social Development, with poverty eradication as one of its three central goals, failed to do. This owes much to the unexpected U-turn by the World Bank, the International Monetary Fund (IMF) and the G-7 leaders, with their belated admission that poverty reduction must accompany growth and that the poor themselves should be the key participants in any process aimed at eradicating poverty.

Four Latin American countries, Bolivia, Guyana, Honduras and Nicaragua, need to comply with one of the enhanced HIPC conditions, the preparation of a national Poverty Reduction Strategy Paper (PRSP). This process conditionality which requires each government to consult with civil society in preparing these strategies has liberated civil society groups from their sense of hopelessness after three decades of failed efforts to achieve change. There has been huge social and emotional investment in the process³ and high expectations for substantive

change. If these are unmet, they could sow the seeds of future unrest in an already fragile situation.

This article reviews the process of PRSP formulation in Honduras and Nicaragua, as observed by Trócaire. Central America is a key strategic region for Trócaire, which opened a regional office in Tegucigalpa in 1994, and has channelled over IR£15 million in development aid to the region since 1995.⁴ These resources have gone to support civil society programmes aimed primarily at tackling rural poverty, gender inequality, promoting human rights and strengthening civil society. In order to support local groups and strengthen the links between micro level programmes and the macroeconomic policy agenda Trócaire has helped Interforos – the main group of civil society organisations and NGOs (non-governmental organisations) in Honduras – establish a technical unit capable of developing macro level proposals and participating in country-wide debates around national development strategies. Trócaire is also working with several other groups, including Central America Solidaria,⁵ to prepare social audit strategies for the evaluation of PRSP implementation and supports local consultations with the poor.⁶

**Box 1: Challenging the poverty of exclusion –
community action in the Aguan Valley**

“Every cloud has a silver lining “ is how Fausto Orellano describes what happened to the communities of the Aguan valley since Hurricané Mitch swept through two years ago destroying 70% of the area’s productive assets and infrastructure. Fausto is the president of the Union of Local Development Committees of the Aguan Region (Unicora) and is at the apex of an extraordinary triangle that involves 481 local community development committees (Codels) and 12 sectoral and municipal commissions (Secodels). The Aguan Valley is the last frontier in Honduras – one of the most conflictive and violent regions in the country that has the highest murder rate in Central America. It is also a major drug trafficking corridor where Colombian cocaine is routed through from the Atlantic coast to the USA, and home to hired killers at the service of large landlords as well as thousands of landless families migrating from poverty in southern and western Honduras.

Despite this, Aguan has been the model for what civil society can achieve when citizens participate in determining

their needs and establish the structures necessary to oversee how local and national government is acting on their behalf. When it became clear that the aid needed to reconstruct Colon after Hurricane Mitch was not arriving, the informal emergency committees established to rescue people changed their names and their mandate. By June 2000 they had established 481 Codels comprising 11,200 people working together in a new form of shared development management. Hundreds of small projects have been carried out to repair schools, health centres, reopen roads and bridges and clean up water systems. Thousands left jobless from the destruction of the African palm and banana plantations have sought support from the Codels to pressure the government on employment creation. The Codels have mobilised 45,000 families in all kinds of social action and have moved beyond repairing latrines and reconstructing houses to social auditing. They insist that county councils sign an agreement with their community enabling the people on the ground to participate in decisions over which projects should be funded and to giving them the right to examine the Council's accounts records to avoid corruption.

Scaling this work up to the national level, Unicora with the Diocese of Trujillo's Social Pastoral Commission has established a programme to help the communities understand the link between their poverty and the country's foreign debt. Several villages in Colon, including a small rural community of Zamora have developed and costed local schemes into which HIPC relief funds freed up under PRSP could be invested. They have presented these plans to the local Council and to the national team preparing the government's PRSP plan. Five other communities in Colon are preparing debt swap schemes. The region has set up its own umbrella group of social organisations and hosted a major regional debate with the government in November 2000 on the PRSP. Many people in Honduras see the social movements in the Aguan as akin to a phoenix rising from the ashes. However, beneath the rubble lies twenty years of awareness raising and social organising of the poor led by the Jesuit run parish of Tocoa. There is an energy in Aguan that is contagious and for the first time the debate on PRSP and HIPC has moved from the luxury hotels of Tegucigalpa to the poorest villages in Colon. The voices of the poor are finally being heard.

At the same time while NGOs such as Trócaire are investing resources to allow those marginalised in Honduras and Nicaragua to have a say in the PRSP this does not mean NGOs expect radical change by the IFIs or governments. However, capacity building on economic justice issues is part of a broader need and demand of local civil society groups in these countries and of itself makes for a more democratic society as the transition from conflict to peace, unless it is accompanied by policies to ensure adequate livelihoods will remain very tenuous.

The extent of poverty in Honduras and Nicaragua

Undoubtedly, Nicaragua and Honduras are urgently in need of effective poverty eradication strategies. Regardless of how poverty is measured, data gathered by governments and the UNDP (UN Development Programme) shows that two-thirds of the people of Honduras, 4 million out of the population of 6 million are poor or extremely poor while in Nicaragua 54% of the population, 2.3 million people, live below the poverty line. These figures place Nicaragua and Honduras in second and third place as the poorest countries in Latin America and the Caribbean, after Haiti.⁷ Inequality as measured by the distribution of income is extremely high: Honduras has a Gini coefficient⁸ of 0.54 and Nicaragua 0.50 – exceeded only by Brazil, Paraguay, Chile, Ecuador, Mexico and Panama.⁹

Inequality and poverty are accompanied by poor public services. For instance, Honduras with its per capita GNP of \$730, is considered by the World Health Organisation to have the worst quality of health care in the Americas. In Honduras poverty is also more extensive in rural areas where 75% of households live below the poverty line; in urban areas it is 57%.¹⁰ High poverty levels and weak social indicators have been caused by a skewed and unjust distribution of wealth and assets. Despite steady economic growth before Hurricane Mitch (1998) poverty levels remained high and estimates suggest that Mitch increased poverty by up to six percentage points.¹¹ The social indicators for health and education are far below the average for Latin America. Average schooling is 4.2 years, but in rural areas it is as low as 2.3 years, quality is low, teaching standards are poor and there is a

shortage of books. Maternal mortality at 200 per 100,000 live births is the highest in the region (much higher than Guatemala and Nicaragua), teenage pregnancy is a serious problem and malnutrition affects 36% of rural children. Honduras faces a serious AIDS crisis with over half the AIDS cases in Central America. Poverty has a female face in Honduras. While some progress has been made in addressing gender issues in the last few years much more remains to be done. Women's health status is poor, pre- and post-natal care is inadequate, and female headed households, one in four nationally, tend to be poor. Women's participation in labour markets is low, mainly confined to the free trade zones and there are very substantial gender based wage differentials.¹² Rural poverty is closely linked to lack of land and highly unjust patterns of land distribution: 1.6% of farmers own 40% of farmland and there are close to 300,000 landless families.¹³

Meanwhile neighbouring Nicaragua with a per capita GNP of \$610 is Latin America's poorest country with some of the worst indicators of human welfare. It also has the world's highest level of debt per capita at \$1,300.¹⁴ 70% of the poor are concentrated in rural areas, fertility rates are twice the Latin American average and 50% of the population is under 17 years. Malnutrition is extensive affecting 20% of all children – infant mortality and maternal mortality rates are high. There is a high incidence of domestic violence. Two-fifths of the population do not have access to safe drinking water and three-quarters are without sanitation services. Women bear a heavy burden coping with high numbers of dependent children, declining access to public services and the enormous effort required to collect firewood and water. Child labour is a serious problem and affects children's educational development as well as their mental and physical health.

Poverty in Central America, as elsewhere, is multidimensional. It has various manifestations: a lack of income and productive resources to ensure a reasonable quality of life; hunger and malnutrition; ill health with increased morbidity and mortality from illness; limited or lack of access to education and other basic services; homelessness and inadequate housing; unsafe environments and vulnerability to natural disasters; exposure to conflict, delinquency, organised crime and gender related violence; social discrimination and exclusion; a lack of participation in decision-making, and scant involvement in civic, social and cultural life for the majority population of poor people. Hence the challenge of tackling

poverty covers the entire gamut of socio-economic and political life in the region.

Hurricane Mitch – a catalyst for change?

While pervasive and structural poverty have characterised Central America for generations the situation in Honduras and Nicaragua was worsened considerably by Hurricane Mitch which struck at the end of 1998 causing major loss of life and extensive infrastructure damage. More than 6,000 people were killed and a quarter of a million were displaced. Mitch was the catalyst for intensive debates within Nicaraguan and Honduran civil society on the nature of poverty and vulnerability and the impact of these countries' heavy external debt and associated economic adjustment policies. The Stockholm Consultative Group meeting¹⁵ was an opportunity to call for a radical transformation of power relations within Central America. The Stockholm Declaration was unique in that it called for transformation as well as reconstruction in the wake of Hurricane Mitch.¹⁶ The Declaration called for greater transparency and good governance, greater respect for human rights, support for the role of civil society in reconstruction and intensified efforts to reduce the external debt burden of the region. The evaluation of the huge damage wrought by Hurricane Mitch focussed attention on the link between the macroeconomic adjustment strategies favoured by governments and IFIs throughout the 1990s and the growing poverty and social exclusion which forced the poor into high risk life styles, including efforts to survive on marginal lands and locating houses close to river beds and on steep hillsides where they are more exposed to natural disasters.

The media attention following Mitch reopened the international debate on the links between debt and poverty. This coincided with renewed efforts by NGOs, South and North, including the Jubilee movement, to lobby for action on debt and broader issues of economic justice, and led to important policy shifts by many bilateral donors.¹⁷ It was against this backdrop, alongside much important work by the United Nations, especially UNICEF and UNDP, that the World Bank and IMF jointly agreed at their annual meetings in 1999 to reform the HIPC (into the enhanced HIPC or HIPC 2) by explicitly linking

debt relief with poverty reduction, adopting poverty reduction as the central goal of all IFI programmes and lending and putting in place so-called “nationally owned” poverty reduction strategy papers.

However, any hopes that HIPC might provide the scale of resources needed to cope following a disaster of the magnitude of Mitch were quickly dashed. As Table 1 shows, Honduras will receive paltry annual flows of debt relief which do not even meet the bills for the Social Compensation Funds, (special funds created after the introduction of the first structural adjustment programmes in the form of bonus payments to the poor to offset the impact of the elimination of food and transport subsidies), much less provide the resources required for the effective implementation of a PRSP.¹⁸ While Honduras stands to gain \$966 million in nominal terms from HIPC over an eight year period during the same time the government will have to pay \$1,801 billion to IFIs as debt service payments.

Table 1: Reduction in debt service for Honduras under HIPC, (\$ millions)

Year	2000	2001	2002	2003	2004	2005	2006	2007
before HIPC	197.8	201.2	340.8	480.0	441.0	415.6	386.9	303.4
after HIPC	166.6	134.1	209.5	276.1	246.5	258.3	263.5	246.5
Difference	31.2	67.1	131.3	203.9	194.5	157.3	123.4	56.9

Source: Ministry of Finances, Honduras, June 2000

To offset the damage caused by Hurricane Mitch in 1998, the Paris Club creditors deferred all debt service payments falling due between November 1998 and December 2001. These lowered the originally scheduled bilateral debt service for 1999 from \$396 million to \$348 million.¹⁹ Bilateral donors contributed \$105.7 million to the Central American Emergency Trust Fund to service Honduras’ multilateral debt. Actual debt service payments made to multilateral agencies in 1999 by the Honduran government amounted to \$277 million.²⁰ Despite these savings for Honduras, until now there has been no public information showing how these funds have been used.

Embarking on PRSPs: principles and processes

There remains vigorous debate among civil society in Latin America and other developing countries about the pros and cons of PRSPs.²¹ The majority of NGOs are yet to be convinced that there are substantive differences between the economic prescriptions accompanying the old ESAF and those used to frame poverty reduction strategies. They are still awaiting evidence that the economic policies associated with the latter will “offer distinctly different recipes”.²² Alarmed by the hijacking of civil society language by the IFIs, some fear that PRSP is little more than a public relations exercise by these bodies as distinct from a poverty reduction strategy undertaken to soothe critics on the one hand while with the other hand continuing to apply in a more acceptable way the strong arm tactics of adjustment which reduce developing countries to minor partners in determining their own process of development.²³ For many, confidence in the PRSP exercise is “wafer thin”.²⁴

The main bodies representing civil society in Nicaragua – the CCER (Civilian Co-ordination for Emergency and Reconstruction) and the Honduran umbrella organisation of NGOs, Interforos, have both decided that even with all the ambiguities surrounding the PRSP, the gravity of the deteriorating situation of the poor means that all opportunities for improvement, however flimsy, should be grasped. There is no enthusiasm for PRSPs per se, tied as they are to HIPC, though NGOs acknowledge that the process agreed with the IFIs obliges governments to interface with civil society in a formal way, in contrast to the unseemly quarrels which ensued during the preparation of the documents seeking funds from donors for national reconstruction after Hurricane Mitch.²⁵

The PRSP exercise aims to produce a document which is government led and in which the government consults with civil society in setting agreed goals and strategies to achieve poverty reduction. This strategy paper is then to be presented to the IFIs for their endorsement. However, the application of PRSP is not just confined to HIPC countries, as is evidenced by Guatemala, which is neither a HIPC nor an IDA country,²⁶ but which has announced that it will develop a poverty reduction strategy and has asked the Inter-American Development Bank to support the government in the preparation of the plan. It appears that in the

future PRSPs will be put in place by all developing countries seeking loans on favourable terms from the IFIs.

In Honduras and Nicaragua the procedure being followed for the preparations of PRSPs is similar. Governments are asked to prepare and present an interim one year plan. Once accepted by the IFIs and if successfully implemented for one year, these countries will receive debt relief under the enhanced HIPC. In recognition of the fact that poverty reduction will require interventions over the long term the actual PRSPs under way provide a series of specific and time-bound goals, with detailed indicators for the period 2001-2005 and long term projections to 2015.²⁷

Currently the Nicaraguan PRSP focuses on economic growth and rural development; investment in social capital;²⁸ improved infrastructure and better safety nets for vulnerable groups; good governance, and fostering transparency and institutional development. Three cross-cutting themes are to underpin the strategy, namely, the environment, social equity and decentralisation of power and decision-making. The Honduran PRSP focuses on improved targeting of resources to the poorest groups in society; rural development; improved governance; strengthening the roles of NGOs, municipalities, communities and the private sector; and protection of the environment along with disaster mitigation.

The Poverty Reduction Strategy Papers must be framed and organised according to the following principles:

- **Country-driven** – with governments leading the process and broad based participation in the adoption of the strategy;
- **Results-oriented** –to identify desired outcomes and plan to achieve these with measurable indicators;
- **Comprehensive** –to take into account the multidimensional nature of poverty and include macroeconomic as well as structural reforms. It is envisaged that the PRSP will become the co-ordinated plan for all official donor support;
- **Long term approach** – to recognise the complexity of poverty and time needed to affect changes;
- **Based on partnership** – between governments and other key stakeholders to include the private sector and civil society in co-operation with the IFIs and other donors.²⁹

While it is early days yet in terms of the outcomes of PRSP processes the analysis which follows on the practice of PRSP in

both countries will be undertaken bearing in mind the above principles.

Are PRSPs country-led or IFI-driven?

In virtually every country where the process of formulating PRSPs is underway, civil society organisations have complained that the IFIs still wield far too much control over them³⁰ and that governments have shown varying degrees of reluctance to allow civil society and other national actors full participation in the process. The full PRSP cycle covers four stages involving poverty analysis, formulation of strategy, approval of the paper, implementation and impact assessment. Given that poverty eradication will require long term strategies the ideal situation is that these should be national plans agreed by all sectors of society. This is a delicate point in Central America where after decades of dictatorships and civil war, good governance and democratisation are still fragile processes under construction. Moreover Honduras and Nicaragua expect to present their PRSPs just months before they go to the polls in national elections. Both governments have shown scant interest in involving opposition political parties in the discussions and the concept of inter-party political agreements is virtually unknown in a region where polarisation is the norm.

Table 2³¹ details the levels of current participation by some key stakeholders in the Honduran PRSP process.

Speed versus local ownership – dilemmas for the PRSP

In Central America civil society organisations have complained about the speed of the process and the pressure to rush consultations. Their fears are legitimate as hasty consultations deny key stakeholders the opportunity to contribute to policy formation. Without this there will be little sense of ownership of the plan and a danger that PRSP will simply end up as yet another document signed by government and IFIs.

From the perspective of indebted governments one can see why they seek to deliver PRSPs in haste. Yet the overall amounts of money available under the HIPC are insignificant in comparison with the immediate financial needs of debtor countries. The IMF has calculated that \$20,000 million is needed to attend the immediate needs of debt relief of those countries eligible to receive HIPC 2.³² Yet to date only \$2,500 million has been pledged or paid into the HIPC Trust

Table 2 – Stakeholders' involvement in Honduran PRSP

Stakeholders	Level of participation	Nature of involvement / knowledge
IMF/World Bank	High	Extensive control
Government ministries	Low-medium	Limited to ministry of finance and presidential advisors
PRSP technical unit	High	Driving process but Brazilian advisors diagnose poverty
Reconstruction cabinet	High	Highly centralised around Minister Alfaro, co-ordinator
Civil society-NGOs/churches/ trade unions etc	Medium-high	Brought into process at late stage. Improvements 2nd stage
Political parties	Low	Critical weakness for ownership
National parliament	Low	Without involvement PRSP cannot be national plan
Municipalities	Low	Only lip service paid to decentralisation
Private sector	Medium	COHEP –national business organisations beginning to get involved.
Media	Low	Virtually no publicity nor awareness raising. Public are unaware of PRSP
Universities	Low	No formal consultation with academics / think tanks
Poor/unorganised communities	Low	Neither government bodies nor organised sectors of civil society have engaged in adequate dialogue with poor unorganised communities
Donors	Medium	G12- Stockholm follow-up group of donors playing important role ³³

Fund and other potential sources of funds are slow in coming.³⁴ As Table 2 shows Honduras stands to receive \$965.6 million in debt relief over 8 years, yet over the past 18 months alone the country has taken out new loans to the value of \$1,370.9 million to finance post-Mitch reconstruction.³⁵ And while the government has been willing to engage civil society on the content of the PRSP document there is, to date, no joint decision making on whether or not to take out new loans.

Clearly those countries that are ready first with their PRSP are likely to have least problems getting the aid they require. Despite the promises of G7 leaders on funds for debt reduction made in Cologne in June 1999, these pledges have not been fully converted into new money. One key player, the United States Congress, delayed until late October 2000 in approving its contribution while the European Union (EU) refused to confirm its support until the US pays up.³⁶ Meanwhile, another key G7 player, Japan, is facing an economic recession and while it was one of the first countries to pay into the special HIPC fund, it has already warned Benin, Ghana and Malawi that Japanese support for HIPC will result in a claw back of direct concessional loans to these countries. These signals have caused alarm in Central America where Japan has increased both its loans and donations to the region in the post-Mitch period.

Is there really no blueprint for PRSPs?

The remarkable similarity between the style and content of the PRSPs produced so far is the clearest evidence that the Washington based institutions play a key role despite the very disparate contexts and political, social and cultural variations within Africa, Asia and the Americas. Box 2 sets out the extraordinary demands placed on the Nicaraguan government in the period of preparation of the interim PRSP from November 1999 to July 2000 with virtually weekly contact with representatives and missions from the World Bank and the Inter-American Development Bank (IADB) supervising every single area of the PRSP's proposed interventions including macroeconomic issues. The IFIs have produced numerous documents regarding the PRSP process.³⁷ While these documents provide much lip service to participation there are in-built limitations within the new approach of the institutions on just how far this participation should go. The joint IMF and World Bank document³⁸ on preparing PRSP suggests that

**Box 2: Nicaraguan Government sessions held with donors and international financial institutions,
November 1999–July 2000³⁹**

Date	Institution	Subject
10, 11 & 19 November 1999	UN Population Fund	Strategies for population studies
17 November 1999	Donors, UNDP	Poverty profile & strategies
21 December 1999	UNDP & multi sector technical team	Poverty indicators
13 January 2000	Donors	First draft of PRSP
24 January 2000	UN Population Fund	Population policies
17 - 23 February 2000	World Bank specialist	Analysis and rationalisation of investment portfolio
1 March 2000	Donors	PRSP workshop
10 March 2000	World Bank	Mechanism for consultation process
13 - 15 March 2000	IADB Mission	Health sector, health ministry: strategies, objectives, indicators, portfolio of programmes
21- 22 March 2000	Mission	Agricultural sector, Ministry for Agriculture & Forestry, National Institute of Agrarian Reform: strategies & portfolio of programmes
21 - 23 March 2000	World Bank & IADB specialists	Social safety net: objectives, indicators, portfolio of programmes
23 March 2000	IADB Mission	Municipal strengthening
28 - 29 March 2000	IADB Mission	Education sector: strategies, objectives, indicators, portfolio of programmes
28 - 30 March 2000	IADB Mission	Decentralisation & municipal strengthening
30 - 31 March 2000	World Bank, UNDP	Results of poverty analysis study
4 - 5 April 2000	World Bank	Revision of objectives and possible indicators

	World Bank specialist	Analysis of full portfolio of programmes and how these fit with strategies, aims and indicators
6 April 2000	World Bank	Seminar on PRSP
6 – 7 April 2000	World Bank	Presentation of PRSP, recommendations
12 April 2000	International NGOs	Revision of strategies, objectives, indicators & nutrition programmes
13 – 14 April 2000	IADB Mission & Dutch Embassy	Objective & indicators of PRSP
13 – 14 April 2000	World Bank	Running water & sewage systems
15 April 2000	IADB Mission	Presentation of Part II of PRSP: objectives, implementation, recommendations
3 May 2000	Donors	Rationalisation of full programme & project portfolio
10 – 19 May 2000	World Bank specialist	University Education Reform
5 June 2000	IADB	Devising local consultation process & mechanisms
5 – 16 June 2000	DFID/ British Embassy	Support for population programmes
8 June 2000	UN Population Fund	Poverty – education profile
12 June 2000	World Bank	School nutrition programme
13 June 2000	World Food Programme	Urban poverty relief programmes
19 June 2000	IADB Mission	Support for implementation of PRSP
19 – 23 June 2000	IADB Mission	Social Fund
21 June 2000	BCIE (Central American Economic Integration Bank)	FISE (Nicaraguan Social Investment Fund)
23 – 26 June 2000	World Bank Mission	Workshop on PRSP – objectives & implementation
30 June 2000	Donors	Population/ education
3 July 2000	UN Population Fund	Presentation on poverty indicators to CONPES members
28 July 2000	UNDP	

participation is necessary only in the following areas:

- Analysing poverty;
- Choosing areas of intervention;
- Designing programmes;
- Following up on indicators.

The four above mentioned areas for participation exclude the vital areas of overall authority and structure for managing the PRSP, evaluation of results, analysis of the risk factors involved, and above all the criteria for the budgeting decisions and allocations from the consultation process. The governments of Nicaragua and Honduras have been more than happy to limit the consultation to these matters. Both of the official documents prepared give scant details on these latter areas making it impossible to thoroughly evaluate how much they reflect serious plans for poverty reduction or are mere formalities which enable the IMF to continue with business as usual in a seamless shift from the IMF's old Enhanced Structural Adjustment Facility (ESAF)⁴⁰ to the newly named (and new in name only?) Poverty Reduction Growth Facility (PRGF).

The first steps in the consultation process in Honduras and Nicaragua were very weak. As can be seen from Box 3 the Honduran government only included an "information session" with civil society after it had already gone through the vital phase of defining poverty. In December 1999 the Fund provided new loans under the PRGF yet the content of the PRGF, covering as it did macroeconomic targets and structural adjustment did not mention poverty reduction.⁴¹ So badly organised were the first rounds of consultation that Interforos members threatened to withdraw from the whole process. Poorly briefed moderators, lacking even the basic skills of managing public meetings, chosen only from government departments, were granted two hours to reach conclusions on profound issues ranging from macroeconomic indicators to programming proposals across 8 major areas. The consultation process was deemed by civil society to be a shambles and there was no indication of how civil society proposals were to be incorporated into the final document. Based on this situation Interforos took the decision to establish its own technical team and prepare a separate poverty reduction strategy which would include civil society view points.⁴²

From the outset Interforos had hoped that country level consultations would lead to a process of joint formulation of a

Box 3: Honduran Government calendar for development of poverty reduction strategy (PRS) ⁴³

No	Activity	Date
1	Presentation of draft structure for PRS and indicate relationship of PRS to external debt relief	26 Jan 2000
2	Presentation of conceptual framework to be used in formulation of PRS <ul style="list-style-type: none"> • Conceptual Framework • Preliminary study of poverty situation in Honduras • Core findings of Study on Social Spending in Basic Services • Discussion of the contributions that can be made by civil society to the success of each stage of the strategy 	16 Feb 2000
3	Presentation of findings from preliminary poverty analysis to civil society groupings (7 cities: Tegucigalpa, La Ceiba, San Pedro Sula, Santa Rosa de Copan, Choluteca, Juticalpa and Danlí)	20 Mar- 12 Apr 2000
4	Analysis of information gathered through process of consultation with civil society, and incorporation of conclusions/ observations into initial situation analysis document.	3 Mar-15 May 2000
5	Preparation and submission of version 4 of PRS to Cabinet	2 May-12 July 2000
6	Second round of national level consultations with civil society on contents of PRS	31 July-18 Oct 2000
7	Analysis of information gathered through second round of Consultations with civil society and its incorporation into initial draft of PRS document	19 Oct-17 Nov 2000
8	Initial draft of PRS document, including civil society observations and comments, submitted to Ministries for Social Affairs	21 Nov 2000
9	Receipt of commentaries by Ministries for Social Affairs	27 Nov 2000
10	Comments made by Ministries for Social Affairs included into draft of PRS	8 Dec 2000
11	Final PRS draft document submitted to IFIs	11 Dec 2000
12	Comments made by IFIs received.	15 Dec 2000
13	Comments made by IFIs included into PRS document	22 Dec 2000
14	Final version of PRS document to be submitted to President of the Republic for approval by Council of Ministers	27 Dec 2000
15	Final version of PRS document to be submitted to IFIs	10 Jan 2001
16	Definition and structuring of participative mechanism between government and civil society for follow up to PRS	Feb -Mar 2001
17	Full PRSP to be presented to the boards of the World Bank and IMF for endorsement	Jan-Mar 2001

national strategy and agreed responsibility sharing on its implementation. This proved impossible but after some pressure from donors the Honduran government's technical team agreed to joint meetings with civil society and a better sharing of working documents and poverty data.

From the perspective of Honduran civil society the process of preparing a separate PRSP has not been easy. Honduran NGOs are understaffed and often lack technicians with the experience to tackle the complex issues involved. Besides many are deeply involved in post-Mitch reconstruction programmes and are therefore trying to deliver on two major agendas simultaneously. Interforos are aware that the process of consultation with their base communities has not been sufficient though serious efforts have been made from June 2000 to extend consultations to remote rural areas. Compared with other countries adequate resources have simply not been available to finance research or to undertake consultations on the scale they would have preferred. Unlike Bolivia, where UNDP made \$300,000 available to 8 local NGOs for national and regional consultations,⁴⁴ Honduran organisations have had to work on a budget less than one tenth of this amount.⁴⁵ If the voices of the poor are to be heard then local NGOs need funds for human resource development and for consultation. Requests to the World Bank by Central America Solidaria for funds to train community workers in social auditing techniques have as yet gone unanswered. If PRSPs are to make a contribution to enhanced democracy then local monitoring on implementation will be essential.

In the case of Nicaragua, despite the fact that it remains a highly polarised country where the scars of the civil war are still healing, the government, under pressure from a highly organised NGO sector, has eventually showed greater openness towards involving civil society in the consultation process.⁴⁶ The government created a new advisory structure, the National Commission for Socio-Economic Planning (CONPES) whose members come from business and banking sectors, chambers of commerce, trade unions and community associations, universities, NGOs, representatives of political parties, as well as the President of the Central Bank and ministers with four key portfolios. Consultations have also taken place with other key figures in society including former presidents, leaders of the main Churches, owners of the mass media and associations of journalists. Unlike Honduras where the government treated the earlier drafts of the Interim PRSP as secret documents, the Nicaraguan government published their document on the

internet and invited comments.⁴⁷ However, in keeping with the need to ensure support from IFI staff, versions of documents were published in English. This ready availability of documents in a foreign language contrasts sharply with the absence of executive summaries or “popular” versions for the poor in their mother tongue. Neither the IFIs nor the government appeared to recognise that proficiency in a foreign language is a luxury the poor cannot afford.

The PRSP experience in Honduras and Nicaragua – ongoing and future challenges

Macroeconomic policies remain largely untouched by PRSP

The most disappointing feature of the PRSP process in Honduras and Nicaragua is that the governments and IFIs have failed to engage in meaningful debates around the linkages between the macroeconomic situation and poverty reduction, including reform of structural adjustment. Despite a plethora of studies showing that growth is not sufficient in itself to reduce poverty the only solution offered by the Nicaraguan and Honduran PRSPs so far is more growth. Civil society demands for a serious debate around issues of equity and distribution have gone unheeded.⁴⁸ This has led some organisations to call for a total de-linking of poverty reduction strategies from the HIPC process as the continued linkage is perverting the process of participation and tackling poverty as governments look more to creditor preferences than their citizens’ needs.⁴⁹ At the same time Northern NGOs have called on the IMF and World Bank to ensure that civil society is engaged in dialogue on macroeconomic policies, policies related to production and employment, finance and credit, agriculture and rural development, infrastructure development, trade and foreign investment and governance.⁵⁰

The continuing emphasis on privatisation of state assets has not changed in spite of the deep public hostility to the impact of these policies. Throughout the period of the preparation of interim PRSPs both Honduras and Nicaragua have been obliged

to stick to a rigid timetable of privatisation and liberalisation. In the case of Honduras this involves: privatisation of airports; the sale of the national telecommunications company Hondutel (which failed to find a buyer in October 2000); legislative reform for the electricity sector; privatisation of the ports; completion of reforms to allow private sector management of water and sanitation facilities; reform of the banking system; restructuring of the social security system and the abolition of export taxes on bananas and minerals.⁵¹

In Nicaragua this has entailed privatisation of the telephone system, reform of the social security and pension scheme, banking sector reforms, a review of civil service salaries; changes in the Auditor General's office and unspecified changes in relation to "good governance". The Nicaraguan parliament and government are unlikely to oppose these IMF demands as only months ago the World Bank and IMF froze a loan of \$53 million when the parliament dragged its heels over approving the privatisation of the national social security system.⁵²

Aside from privatisation civil society groups complain that the structures for the delivery of social compensation funds under the old ESAF model are to remain in place. These were conceived as temporary vehicles for the delivery of social welfare payments to those most affected by structural adjustment.⁵³ Most NGOs expected the new PRSPs to suggest exit strategies for winding down these welfare programmes which do nothing to tackle the cause of poverty and barely touch the symptoms, yet consume vast quantities of available resources.⁵⁴ Moreover, it has been pointed out that access to hefty amounts of ready cash through these programmes has expanded the possibilities for politicians more intent on electoral bonanzas and vote buying, than on achieving long term solutions to poverty. Yet under both the Honduran and the Nicaraguan PRSPs even larger sums are sought for these programmes to the dismay of critics who argue that such funds would be better spent in the line ministries with direct links to the poor. Such critics now fear that PRSPs will be more about delivering increased social spending and largely ignore tackling the structural cause of impoverishment.

Decisions need to be reached with governments and with creditors about taking on new debts. Given that the external debt burdens of Nicaragua and Honduras are high, unsustainable and represent a substantial fiscal burden, new loans should not be contracted unless there is prior parliamentary and civil society approval, following full and open disclosure of information relating to proposed use of funds.

At the same time there is agreement among civil society groups in Honduras and Nicaragua that the content of PRSPs must be improved. Some obvious examples are the need for more focus on the Nicaraguan Atlantic Coast, the poorest zone in the country and on food security. In Honduras thus far, insufficient attention has been given to key issues such as land tenure, gender discrimination, the needs of indigenous people and the disabled. The desire for a redesign of macroeconomic policies is not just about a change of language but recognition that adjustment measures have aggravated the situation of poverty in Central America and that the PRSP process represents an important opportunity to change these without resorting to violence and conflict. Central Americans point to growing violence as a warning signal to the IFIs – not only in Latin America which has seen riots over water policy in Bolivia and general strikes over the privatisation of certain public services in Costa Rica – but across the world as indicated by riots in Seattle and Prague. These confrontations between international civil society and the IFIs are signs that public patience with their operations is running out.

Ownership must be built rather than declared

To ensure a better sense of ownership there needs to be greater consultation with national parliaments, politicians, the media and especially the poor. However representative of civil society NGOs, churches, debt activists, academics may be, they do not and cannot represent the total interests of the poor. Poverty is one of the few areas where those suffering extreme poverty are experts. The voice of the poorest sections of the population must be heard, especially those who do not have formal representation. This is a challenge for both governments and civil society. Leaders of Jubilee 2000 in Nicaragua have complained that only those NGOs with resources to attend international meetings and local consultations have been able to participate. They wonder: “What do the co-operative leaders in Jalapa know of PRSP? Or indigenous people on the River Coco? Or the women workers in the free trade zones? Or students, lorry drivers, teachers or construction workers?”⁵⁵ Without direct input from the poor the current strategies can never be considered as “full” PRSPs.

Tackling corruption and achieving transparency

Public faith in the handling of funds by government officials has never been lower. Surveys carried out by the Civilian Co-

ordination for Emergency and Reconstruction, the NGO coalition of Nicaragua, revealed that 80% of the population believe that public officials and politicians are corrupt.⁵⁶ Transparency International has repeatedly placed Honduras near the top of its league of corrupt countries in Latin America. More than lip service has to be paid to accountability and transparency. Caritas Panama in its June 2000 bulletin suggests that the first step in Latin America for reducing poverty should be the eradication of excessive wealth, especially wealth acquired through corrupt means.⁵⁷ Nowhere in the PRSPs are there references to the need for the rich to review their obligations to reduce poverty by their sharing wealth.⁵⁸ Tax reform and other necessary changes to increase local contributions towards poverty reduction cannot be undertaken unless citizens have additional guarantees about proper use of the funds. There are few examples of the rule of law having been applied to those guilty of corruption in Nicaragua and Honduras. Until now the IFIs have turned a blind eye to corruption. Urgent strengthening of the Auditor General's office in Nicaragua and the Comptroller General's office in Honduras is needed as well as vigilant social audits. A comprehensive anti-corruption strategy is needed. This should be debated publicly and any strategy adopted should include enforceable sanctions on those guilty of the mismanagement of resources. Some NGOs talk about establishing a sort of Corruption Watch to report findings and offer greater transparency to the poor and to donors.

Overseas development assistance (ODA) – promises delayed and promises broken

HIPC alone cannot cover the cost of meeting poverty reduction bills in either Nicaragua or Honduras. At the same time PRSPs which are tied to HIPC cannot succeed unless they can mobilise the volume of financial resources needed to invest in structural changes. Moreover, World Bank and IMF staff have repeatedly stated that HIPC can only contribute a small proportion of the funds needed. Yet it is also clear that if the high expectations opened up by the PRSP process are not fulfilled due to a lack of funds, frustration will take over. Already there is grave disappointment in Honduras and Nicaragua about the slowness of the process of providing debt relief and the meagre sums available, as detailed elsewhere in this article.

The post-Stockholm experience has left a bitter taste in Central America. Donor pledges to the region have failed to be converted into new and additional resources as they continue to

move at a snail's pace. Their stance in the light of past promises is both immoral and unacceptable. The EU is a case in point: a full two years after Hurricane Mitch devastated the region, the EU has still not begun a single project in its Regional Programme for the Reconstruction of Central America (PRRAC).

In general there appears to be a total divorce between the PRSP process and the post-Mitch reconstruction programmes agreed at the Stockholm meeting, which were followed up at consultative group meetings in Tegucigalpa in February 2000 to discuss Honduran progress and in Washington in May 2000 to evaluate the Nicaraguan experience. Managing both these processes simultaneously has put intense pressure on weak and overstretched national capacities, especially in Honduras. Greater co-ordination between donors is essential.

In Honduras Interforos has already suggested that donors should establish a human development fund as a channel for debt relief and other funds for poverty reduction.⁵⁹ Given the devastation wrought by Mitch and these two countries' development deficits both require ODA in grant form rather than more loans which may give rise to a further debt crisis down the line.

Decisions governing the use of the human development fund should be made jointly by government and civil society to ensure greater transparency. This contrasts with the IMF/World Bank proposal that Honduras create a poverty reduction support fund: "the exact modalities of this fund are still being defined in close collaboration with Fund and World Bank Staff".⁶⁰ Meanwhile, in Nicaragua seven international NGOs who collaborate closely in a lobby network have published a comprehensive list of suggestions about how to invest debt relief funds.⁶¹

PRSPs – posing new challenges for Northern NGOs

Northern NGOs have a valuable role to play in supporting their partners in Nicaragua and Honduras in their participation in the PRSP process. Continued and enlarged support will be needed over the long term in many areas. These include publicising the process, consulting more widely with the poor, training community leaders and NGO workers in social auditing, enabling local leaders to dialogue directly with the IFIs and enhancing their technical capacity to monitor and assess the impact of the strategies adopted. Northern NGOs also have a key role in their home countries in sharing the experiences of their Southern counterparts with their national governments, especially

ministries of finance and foreign affairs in order to effect much needed improvements in IFI and donor policies and financial commitments for poverty reduction.

Maintaining vigilance and providing information on policy shifts within the IFIs and by national governments is crucial as is sharing experience from other parts of the developing world. One immediate task in relation to the IFIs is strengthening global calls for action to ensure greater transparency at the World Bank.⁶² Civil society organisations argue that transparency is an important empowerment tool for the poor and denial of access to documents fosters greater suspicion around the Bank's role in globalisation. Pressure from NGOs in the North to ensure greater openness at the Bank will assist civil society in the South to keep track of policies and programmes that deeply affect their future.

Campaigning, North and South, for increased investment in ODA to reach the UN 0.7% target along with better safeguards on the use of funds continues to form part of a shared NGO agenda. So too is working together to determine indicators to effectively measure social development, ownership of programmes and structural change. As is the continuing fight for the cancellation of unpayable debts which HIPC does not address and without which the resource base to implement effective poverty reduction strategies will remain very limited. Last September in a special report UN Secretary General Kofi Annan stated that HIPC has not delivered enough or on time. He called for the setting up of an independent panel of experts who would assess or reassess debt sustainability, eligibility for debt reduction, the amount of debt reduction needed, conditionality and financing. Moreover, the report called for a suspension of debt service payments by all HIPCs, with no additional consequent interest obligations being incurred until this independent panel had made its recommendations. Taking such a course would mean that the PRSPs could continue but would not be distracted from their task by being tied to HIPC debt relief.⁶³

Conclusion

The jury is still out on what PRSPs will actually deliver in the longer term in Honduras and Nicaragua. Civil society actors have taken up the challenge of participating in the PRSP process,

albeit with concerns regarding its validity. The central concerns and challenges remain twofold: How different will the macroeconomic framework for PRSPs be from structural adjustment? In many instances the indications are not positive that it will be significantly different. And secondly: How much will the views of civil society be taken on board in the final PRSP document, especially as these relate to structural reforms to tackle the causes of poverty and inequality as against allocations of social spending aimed at alleviating the symptoms of poverty?

Undoubtedly, during the PRSP process civil society is building its capacity on economic advocacy and in monitoring and evaluating government budgetary and medium term expenditures. Governments are also seeking to build up their institutional structures for tackling poverty. As all of this unfolds expectations have been raised in fragile societies that the poor and marginalised will at last have a greater say and access to national resources. If these expectations are not delivered the PRSP process may be short-lived. Whatever the outcome, the new policy landscape for advocacy on issues of poverty and inequality does provide some new space for civil society to engage with decision-takers. As civil society, by no means a homogenous grouping, seeks to be heard and to measure the impact of its involvement, perhaps the biggest dilemma during the upcoming period will be whether groups should continue to engage in the process or should seek alternative and/or more confrontational routes in their pursuit of social and economic justice.

Footnotes

- 1 Debt reduction for low income countries is dealt with through the HIPC initiative. All creditors – individual countries, the IMF and World Bank, and commercial banks – are meant to co-operate in reducing a country's debt to a 'sustainable level'. Creditors define external debts as sustainable when a country can make its repayments without running into arrears or endangering economic growth. Using this narrow definition, the human cost of repaying debt is completely ignored. The ratio of debt to exports is the major factor taken into account in deciding how much a country can afford to pay. No account is taken of life expectancy, literacy or poverty levels. For a discussion of this see Trócaire North South Issues Paper, No. 22, *A Human Development Approach to Debt Relief for the World's Poor*; Henry Northover, Karen Joyner and David Woodward, September 1998.
- 2 Estrategia de Combate a la Pobreza desde la Perspectiva de la Sociedad Civil (Strategy to Combat Poverty from the Perspective of Civil Society), Interforos, Honduras, August 2000
- 3 The Bolivian Jubilee 2000 National Forum in April 2000 to discuss the interim PRSP mobilised 1,706 representatives from 806 civil society organisations. For further details see Construyendo Un Desarrollo Humano

- Para Todos (Building Human Development for All: Conclusion Document)
La Paz, Jubilee 2000 National Forum.
- 4 See Trócaire Annual Reports for full details of allocations per sector and country in Central America.
 - 5 A regional network of 12 major civil society organisations from Guatemala, El Salvador, Nicaragua, Honduras, Costa Rica, Panama and Belize.
 - 6 A major effort is underway in the Department of Colon, Honduras, led by the Diocese of Trujillo, involving 530 communities in a post-Mitch social audit, which also includes issues of debt and PRSP.
 - 7 *World Bank Annual Report 1999*
 - 8 The Gini coefficient measures the extent to which the distribution of income (or in some cases, consumption expenditures) among individuals or households within an economy deviates from a perfectly equal distribution. The coefficient ranges from 0, meaning perfect equality – to 1, meaning complete inequality.
 - 9 *World Bank Annual Report 1999*
 - 10 See Eurodad, *Poverty Reduction Strategies, Country Profile – Honduras*, November 2000.
 - 11 *Honduras: Country Assistance Strategy*, World Bank, January 2000
 - 12 *UNDP Human Development Report*, Honduras 1998.
 - 13 “Programa de Tierras: En Apoyo a la Seguridad Alimentaria en Honduras”, EU Food Security Office, Honduras, March 2000
 - 14 Data on poverty in Nicaragua taken from “Debt relief for Nicaragua: breaking out of the poverty trap”, Oxfam International (1998) and IMF Nicaragua paper, March 2000
 - 15 Consultative Group for the Reconstruction and Transformation of Central America, 25-28 May 1999, Stockholm. A consultative group is a pledging conference at which donor states and international financial institutions meet to co-ordinate their strategies in a developing country.
 - 16 “In debt to disaster – what happened to Honduras after Hurricane Mitch?”, Christian Aid
 - 17 Among these DFID, the British Government’s official aid programme, has taken a lead in developing “pro-poor” policies with a strong focus on capacity building for civil society. In Central America official donors have set up a Stockholm follow-up group to ensure compliance with the principles agreed in May 1999. The Stockholm Declaration called on governments to: reduce social and ecological vulnerability; reconstruct and transform Central America; consolidate democracy based on decentralisation and the active participation of civil society; promote respect for human rights including equality between men and women; coordinate donor efforts and reduce the external debt burden of the region.
 - 18 “La deuda eterna y los avances de la iniciativa HIPC”, Fosdeh paper, Tegucigalpa November 2000
 - 19 IMF, Honduras Decision Point, op.cit.
 - 20 Fosdeh, “The real and distressing story of a worsened, nor reduced external debt” (no date)
 - 21 For reports on the development of PRSPs from 7 countries of Latin America, Africa and Eastern Europe see Eurodad, “Taking Stock of PRSP” September 2000, Prague.
 - 22 See “The Nicaraguan people deserve more”, a briefing paper for the Washington Consultative Group on Nicaragua. Oxfam International, Managua

- 23 For a critique see “PRSP: poverty reduction or public relations strategies”, Henry Northover, CIDSE/Caritas Background Paper, September 2000.
- 24 Comment by Henry Northover during a presentation to a seminar on the PRSP process organised by CIDSE/Caritas, Eurodad and the NGO Working Group of the World Bank, Prague, 23 September 2000.
- 25 For details of the tensions between Honduran government and civil society see “In debt to disaster”, Christian Aid, London, p. 19
- 26 IDA, the International Development Agency, is the concessional lending wing of the World Bank group.
- 27 The projections to 2015 allow countries and the international donors to look at progress towards achieving international development targets set for 2015. These targets have arisen out of various UN conferences. Donors from the OECD (Organisation for Economic Co-operation and Development) have endorsed these goals. See OECD statement by Development Ministers, *Shaping the 21st Century*, May 1996, OECD-DAC (Development Assistance Committee), Paris.
- 28 “Social capital” is used by some to refer to an individual’s investment in social ties. See chapter 7 of the *World Development Report 2000* (World Bank) for a discussion on social capital and social institutions. It notes (p.128) that social capital can be split into 3 connecting strands: 1) *Bonding* social capital which entails strong ties between immediate family members, neighbours, close friends and business associates sharing similar demographic characteristics; 2) *Bridging* social capital which entails ties between people from different ethnic, geographical and occupational backgrounds but with similar economic status and political influence; and 3) *Linking* social capital which entails ties between poor people and those in positions of influence in formal organisations such as banks, agricultural extension offices, schools or the police.
- 29 For an excellent summary of the PRSP principles and process see IDS Policy Briefing, Issue 13, Institute of Development Studies, University of Sussex, 2000.
- 30 Eurodad, “Taking stock of PRSP”, Prague, September 2000.
- 31 Devised by the author.
- 32 IMF Resident Representative in Honduras, Chung Suk Cha, speech to CRIES conference on HIPC and Foreign Debt in Tegucigalpa, Honduras, 1 November 2000
- 33 In Nicaragua, DFID, the official aid agency of the British Government, has provided important support to a range of stakeholders, including deploying two consultants dedicated to the process.
- 34 “Proceso PRSP e Iniciativa HIPC en Nicaragua, Un Analisis de Riesgos”, (The PRSP Process and the HIPC Initiative in Nicaragua : Risk Analysis), Oxfam International, Managua, Nicaragua
- 35 Fosdeh, op. cit.
- 36 While the EU announced 1 billion euro in funding for the HIPC this is coming out of unspent funds under previous European Development Fund (EDF) programmes for African, Caribbean and Pacific states rather than representing new and additional resources. That said, if some of this EDF money had not been reallocated now for debt reduction it would go back into the national coffers of EU member states as unallocated funds.
- 37 See “Formulation of strategies to reduce poverty in developing countries – joint paper by IMF and World Bank staff”, DC/99-29, September 1999.
- 38 *Ibid.*
- 39 Translated by Trócaire from pages 75 and 76 Annex 1 of “Estrategia reforzada de reducción de la pobreza”, Nicaraguan government document, August 2000

- 40 ESAF is the IMF's concessional and long term credit programme for low income countries. ESAF loans come with numerous conditions attached covering a range of economic and social policies. ESAF was severely criticised in an external review published in 1998 both in terms of its lack of attention to social impact and to local ownership.
- 41 Barbara M. Kalima, "Poverty reduction strategy papers", research paper commissioned by Esset for the Economic Justice Network and sponsored by Diakonia, Sweden, June 2000
- 42 For details of the tensions regarding civil society involvement in the Honduran PRSP process from March to August 2000 see the work done by Danchrhaid Consultant Soren Kirk Jensen, published through Eurodad. Interforos also published its working document on this issue in August 2000 entitled "Estrategia de Combate a La Pobreza Desde La perspectiva de la Sociedad Civil".
- 43 Translated by Trócaire from page 7, Annex C, "Estrategia para la reduccion de la pobreza", Honduras, June 2000. Box 3 refers in part to the interim PRSP and in part to the process for preparing a full PRSP. The interim PRSP for Honduras was agreed in June 2000. The process for the preparation of the interim PRSP was the subject of much criticism by civil society groups due to the lack of consultation on its contents. While the timeframe for presentation of the full PRSP to the IFI boards is listed as January-March 2001 more recent information from Trócaire's regional representative in Honduras suggests that the earliest date for presentation will be March 2001. However, the process could take some months after this date.
- 44 "Bolivia en la lucha contra la pobreza", op.cit., page 8
- 45 Conversations between the author and Mauricio Diaz, coordinator of Interforos
- 46 For an extensive list of persons and organisations consulted see page 75, annex 1 of "Estrategia reforzada de reduccion de la pobreza", Gobierno de Nicaragua, Managua 2000.
- 47 See <http://www.mipres.gob.ni/setec>
- 48 "PRSP: the story so far", Eurodad, Brussels
- 49 Jubilee 2000 in Nicaragua and Honduras are in favour of delinking.
- 50 Letter from Ken Hackett, Director of Catholic Relief Services, USA to Executive Directors of the World Bank and IMF, 30 June 2000
- 51 For full details of other conditions imposed on Honduras see "Honduras, decision point document for the enhanced heavily indebted poor countries (HIPC) Initiative", IMF/WB, June 2000.
- 52 Eva Rasmussen, "The IMF is conquering the PRSP", IBIS, Denmark
- 53 According to IMF these "temporary" programmes have been extended to 2012.
- 54 According to Fosdeh the Honduran Social Investment Fund (FHSI) and the Programme for Family Allowances (PRAF) currently absorb more than \$100 million per year and the Interim PRSP recommended strengthening the funding of these programmes.
- 55 "Proceso PRSP", Oxfam, op.cit.
- 56 See publications of CCER – Auditoria Social. The Nicaraguan government refers to this negative perception in its document presented to the Washington Consultative Group, "Una nacion, muchas voces", May 2000.
- 57 *Construyendo*, Boletín de la Pastoral Social, Caritas Panama, June 2000
- 58 For a discussion on issues of inequality, poverty reduction and growth, see Maura Leen "Towards pro-poor growth, consensus minus clarity", a discussion document of the Debt and Development Coalition Ireland, October 2000.

- 59 "La deuda externa y los avances de HIPC", Fosdeh, Honduras, November 2000
- 60 Honduras, "Decision point", op.cit., page 23
- 61 "Como y donde invertir los recursos de la condonacion", Grupo Propositivo de Cabildeo e Incidencia, Managua, November 1999
- 62 Currently there is a campaign by Northern and Southern NGOs to ensure greater access to World Bank documents, especially those relating to structural and sectoral adjustment lending.
- 63 "Macroeconomic policy questions: external debt crisis and development - recent developments in the debt situation of developing countries", UN, A/55/422, General Assembly, 26 September 2000