



PRO TEMPORE SECRETARIAT OF THE  
STOCKHOLM DECLARATION FOLLOW-UP GROUP (G15)

FEDERAL REPUBLIC OF GERMANY

**THE TRANSFORMATION CONCEPT  
AND  
ORGANISATION OF THE G15**

(21 Feb 2002)

**1. INTRODUCTION**

Since the Consultative Group meeting for Central America held in Stockholm, the international community has become an important partner to Honduras in the national reconstruction and transformation process. The setting up of the Follow-Up Group (now known as the G15) enabled multilateral and bilateral agencies and donor countries to increase the effectiveness of the cooperation they provide to the Government of Honduras to fulfil the objectives of the Master Plan for National Reconstruction and Transformation.

Having achieved significant progress in the reconstruction process, the main challenge now facing Honduran society is to effect a transformation of the country that will enable urban and rural poverty levels to be reduced sustainably. The basic point of reference in this phase of the process is the inclusion of Honduras in the Highly Indebted Poor Countries (HIPC) Initiative and, as an essential component of this, the Poverty Reduction Strategy. Fulfilment of the Stockholm mandate, in the context of these new developments and the structural reforms planned by the new government, suggests that the donor countries involved in the G15 need to strengthen monitoring and coordination mechanisms from a long-term perspective, based on the key factors identified for transformation.

Successive attempts have been made to adapt the general principles of the Stockholm Declaration to specific conditions in Honduras.<sup>1</sup> These specifications sought to tighten up

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<sup>1</sup> See the papers presented by the Follow-Up Group at the Special Consultative Group meeting for Honduras in February 2000 and the reconstruction and transformation follow-up meeting in March 2001.

the definition of the reconstruction and transformation programme components and the mechanisms to be used to measure progress.

The aim of this paper is to contribute to the establishment of an official framework for future work by the G15. It proposes an operational definition of the transformation concept in order to establish the areas on which the G15's work ought to focus. It then sets out organisational arrangements for the G15 so that it can provide technical follow-up on the key components in the transformation process.

The paper therefore attempts to answer two sets of questions:

- How is transformation to be understood? How do the Stockholm Declaration Principles take concrete form in the PRSP? What areas should the G15 focus on?
- How is the G15, and the Technical Follow-Up Group (GTS) in particular, going to operate in order to support the achievement of these key objectives? What mechanisms can make the work of the GTS more efficient? What spaces for coordination with the government and civil society participation can be suggested?

The paper is the result of prior work by the GTS and interviews with Group members.

## **2. DEFINITION OF THE TRANSFORMATION CONCEPT AND KEY FACTORS INVOLVED**

### **2.1 The concept of transformation**

In March 2001 the Follow-Up Group reaffirmed that “the main challenge faced by Honduran society is to transform Honduras into a country in which the levels of both urban and rural poverty have been significantly reduced and which is fully integrated in the region and the community of democratic nations. To meet this challenge, a series of measures are required to bring about effective reform of those political, institutional, economic and social structures that have hitherto prevented equitable economic growth that can be sustained over time.”

The Group stated that the Poverty Reduction Strategy (PRSP) drawn up by the government and Honduran society represents a key component in the transformation and development process that the country needs to consolidate. It will only be possible to make this process effective if there is an overall long-term vision of the country, developed through partnership between central government, congress, political parties, local governments, civil society and the private sector, with the support of international cooperation.

These statements made on several previous occasions continue to be valid. They have become even more important now that the reconstruction process has been completed and the Poverty Reduction Strategy has been approved by the multilateral organisations.

### **2.2 Key factors involved in transformation**

By linking the Stockholm Principles with the PRSP's Strategic Guidelines and Programme Areas it is possible to identify the key factors that the international community would be willing to continue supporting in the medium and long term. (See [Appendix I](#)).

The key factors to be emphasised in this framework basically correspond to the PRSP's *strategic guidelines*. They are cross-cutting issues that have to do with the whole set of actions. However, certain *programme areas* considered to be key are given greater emphasis. (See Appendix II)

The *cross-cutting issues* common to all areas of intervention are:

- ***Economic growth and macroeconomic stability***  
To reduce poverty it is essential to take measures aimed at speeding up equitable economic growth and jealously safeguard macroeconomic stability. There is an urgent need to implement measures to ensure fiscal viability in the medium term, strengthen the financial system and encourage investment in production.
- ***Modernisation of the state***  
State reform is a vital link in the chain of development and poverty reduction. To achieve this there is a need to carry out reforms aimed at achieving greater *stability* and *efficiency* and *professionalising* the civil service (wages policy and administrative career structure), and once again consider alternative options for public service provision.
- ***Strengthening the rule of law***  
Review of the *election system*, modernisation of the *justice system* and establishing an environment of *citizen security* are essential for encouraging investment, production and income generation.
- ***Transparency***  
Effective control over the management of national and international resources is essential to develop greater credibility in the eyes of the Honduran population and at the international level. In this context there is a need to promote the leading role of the state in the *control of public funds*, *social consensus-building* to unify efforts to achieve common goals and the establishment of *indicators* to monitor progress. Social oversight and auditing are essential elements of this component.
- ***Decentralisation and citizen participation.***  
Government's regulatory and facilitating role will be strengthened and support will be provided for the *decentralisation* of roles and responsibilities and *participation* by municipalities, private companies and NGOs in the implementation of public policies, programmes and projects. *Municipal strengthening* measures should accompany the process to build the necessary capacities at the local level.
- ***Targeting of actions***  
The actions to be carried out in the PRSP framework should be targeted at the poorest groups and areas of the country, bearing in mind the diversity of the target population (*gender, age and race*). This will make it possible to address each sector's specific demands and thereby contribute to a substantial reduction in poverty levels.

The *thematic areas* considered to be key in the transformation process are:

- ***Education and health***  
Poverty reduction requires building a significant amount of social capital, especially in *education* and *health*. To be able to achieve the goals set out in the PRSP, it is essential to review the approach, improve the quality of the service and increase coverage.
- ***Environment***  
Development of legal, economic and financial instruments is key to breaking the vicious circle between poverty and environmental degradation. In order to bring about sustainable management of natural resources and protect the environment

there is a need to adapt the legal and institutional framework, improve environmental management and planning systems, and coordinate with the population and municipalities on the actions to be taken in the poorest areas.

The proposed areas of emphasis for follow-up to the transformation process correspond to the key principles mentioned in the Stockholm Declaration and the White Paper, and include three new areas related to the issues discussed in the Follow-Up Group and the need to adapt to the PRSP:

- (i) *Environment* in the PRSP's Sustainability programme area;
- (ii) *Employment and income generation* which will cover the PRSP programme areas of Speeding Up Equitable and Sustainable Economic Growth, Reducing Poverty in Rural Areas and Reducing Urban Poverty.
- (iii) The PRSP programme area of Strengthening Social Protection for Specific Groups would be included in the rest through *targeting*.

By setting out the *key factors for transformation* in this way, it is possible to:

- (i) Define G15 contributions and mechanisms to monitor the inclusion of the Stockholm Principles in the Poverty Reduction Strategy;
- (ii) Take advantage of the technical experience of G15 members in the thematic areas to be focused on.

The areas of intervention on which we wish to focus form the basic core for coordination with the government and inside the G15. The rest of the areas would be covered according to the interests of the donors involved in the G15, and specific coordination mechanisms can be established for these.

The PRSP monitoring work by the G15 would then take place on three levels:

- (i) on the political level, contributing to the fulfilment of national policies in the framework of the Stockholm Principles and HIPC;
- (ii) on the technical level, with the aim of promoting the inclusion of the *cross-cutting issues* in the way in which programmes and projects are implemented;
- (iii) on the sectoral level, supporting and following up on government initiatives in the different *thematic areas*.

### **3. ORGANISATION OF THE G15 IN THE PRSP FRAMEWORK**

#### **3.1 Organisation of the G15**

The Follow-Up Group has encouraged a constructive and unprecedented way of working in its relations with the government and civil society. Coordination between donors, which was a Stockholm Declaration mandate, has been promoted and strengthened in Honduras. The Group has helped to establish information-sharing mechanisms, which have benefited all the programmes and reduced the duplication of effort among donors. Government leadership in the national reconstruction and transformation process has been supported, as has citizen participation. The Group has also supported the setting up of sectoral working groups whose members are representatives of the government, civil society and the donors. These working groups coordinate and monitor the work in the different thematic areas and represent a space for building consensus on the democratic transformation of the country.

The G15 believes it is necessary to continue supporting, under government leadership, the creation of institutional structures to monitor the PRSP and coordinate efforts between the different state bodies, civil society and international cooperation. These structures should also take into account other stakeholders in this area, especially in what pertains to the PRSP, such as the Forum for Strengthening Democracy. The aim is to ensure that the Completion Point is reached and the country can enjoy the full benefits of the HIPC initiative. The PRSP represents an important national initiative. The operational mechanisms for implementing it need to be developed and the programmes, outputs and indicators for monitoring them need to be defined more precisely.

To achieve these objectives, the donors involved in the G15 believe it is necessary to maintain a coordination and follow-up mechanism in Honduras for the medium term. This would go beyond the original G6 mandate (capitals level) that comes to an end on 30 September 2002.

This is why we need to define the mechanism for future internal coordination in the G15, in order to strengthen dialogue between the donor countries, with the government and with civil society.

After Japan's *pro tempore* presidency, some of the criteria that would be applied for G15 coordination would be:

- The *pro tempore* presidency will be extended to the whole of the G15 based on voluntary proposals.
- The six-monthly rotation of the secretariat will be maintained.
- The coordinators will be chosen on the basis of written requests by those interested in taking on the presidency. These requests will be assessed by a plenary meeting using the following criteria: (i) the physical presence and availability of the human and financial resources needed to operate the secretariat; and (ii) demonstrated involvement in G15 coordination. The decision will be taken by consensus.

### **3.2 Levels and roles and responsibilities for PRSP monitoring**

In order to promote and monitor the transformation objectives in the PRSP, the G15 needs to have an efficient and sustainable organisational structure. *Efficiency* is understood to be the establishment of coordination mechanisms to encourage participation, in such a way as to: (i) take up the least possible amount of time and resources; (ii) throw up tangible benefits in each meeting. Flexibility and the delegation of technical-sectoral responsibilities and decision-making to groups with thematic interests in common will be decisively important here. *Sustainability* aims to create a dynamic within the group that ensures that it functions properly and contributes to continuity from one *pro tempore* secretariat to the next. With regard to the group's external relations, the aim is to ensure that the thematic areas and coordination mechanisms support ownership of the processes by the Honduran government and society. The viability of the goals and coordination mechanisms the G15 proposes for itself will be decisive for the effective fulfilment of the mandate issued by the Stockholm Consultative Group.

There are two levels within the G15: (i) the political level, represented by the Ambassadors and Representatives Group that coordinates with the government at the highest level; and (ii) the technical level of the GTS (under the mandate of the Ambassadors and Representatives Group), which proposes and follows up on specific

actions to support the implementation and monitoring of the PRSP.<sup>2</sup> In a de facto manner in most cases, the Ambassadors and Representatives Group includes members of the GTS in its internal meetings and in its meetings with the government. To ensure that the Follow-Up Group operates efficiently and flexibly, it is felt that both the G15 Ambassadors and Representatives and the GTS should maintain the necessary autonomy on each level. Overall, the tasks involved in PRSP monitoring should be delegated to the GTS. The GTS should also be involved in the preparations for special events, such as the Consultative Group meeting planned for the end of 2002.

### Political level

#### *Composition:*

Ambassadors of G15 member countries and Representatives of G15 member organisations.

#### *Roles and responsibilities:*

- Monitoring and analysis of the fulfilment of the commitments taken on by the Government of Honduras in terms of the Stockholm Principles and the HIPC initiative.
- Informal sharing of experiences and opinions on current issues linked to the process.

#### *Agenda:*

After Japan's *pro tempore* presidency, it is proposed that the Ambassadors and Representatives should meet at least once every three months to analyse PRSP progress reports. Other items on the agenda will be defined according to the proposals drawn up by the GTS on current issues to be dealt with, and the needs of the Ambassadors and Representatives themselves.

### Technical Follow-Up Level (GTS)

#### *Composition:*

Technical-level representatives of G15 members.

#### *Roles and responsibilities:*

Roles and responsibilities at this level refer mainly to overall coordination of the GTS with regard to the cross-cutting issues or PRSP *strategic guidelines*:

- Coordinate the internal work of the GTS in the PRSP implementation and monitoring context. This work will include reviewing the PRSP progress reports internally, based on the inputs provided by the sectoral working groups (or round tables).
- Establish general guidelines for the work of the sectoral technical level and review the reports presented by the sectoral working groups (or round tables).
- Coordinate with government technical levels responsible for taking forward and monitoring the PRSP.
- Promote the functioning of the participatory and decentralised monitoring bodies provided for in the PRSP and wider consultation with civil society.
- Define spaces for coordination with other donor initiatives such as the Forum for Strengthening Democracy.
- Appoint donor representatives at the technical level who will attend meetings of the PRSP Consultative Council as observers.

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<sup>2</sup> See Appendix 3, G15 organisational diagram

- Draft recommendations for the strategic guidelines to be included at the operational level of the PRSP.
- Draw up the agenda for the Ambassadors and Representatives Group's work.
- Agree the indicators for PRSP monitoring, based on the government's proposal.

*Agenda:*

The full GTS will meet at least once every three months to analyse PRSP progress reports. Other basic items to be dealt with on the agenda are:

- Information sharing on new or ongoing projects; channel this information to others in each agency.
- Promote coordination mechanisms on issues of mutual interest.
- Exchange experiences and reflect on the direction to be taken by cooperation in the future.
- Analyse the three-monthly PRSP progress reports and discuss the needs for technical level support in the body responsible for taking forward and monitoring the PRSP.
- Draft starting points for the agendas of Consultative Group or Follow-Up Group meetings.
- Set the agenda for the Ambassadors and Representatives Group's work.
- Other matters of interest to its members.

Sectoral Technical Level

*Composition:*

Cooperation agencies working in each sector.

Following initiatives coming from the government and the sectors, the functioning of tripartite bodies (government, civil society and donors) such as *sectoral round tables* will be promoted to plan and monitor work at the sectoral level. However, based on the PRSP programme areas, basic coordination mechanisms (*sectoral working groups*) will also be established between the donors themselves at the sectoral level. These will complement and, if necessary, provide support to the work done by the *sectoral round tables*. The government counterparts for the *sectoral working groups* are the Sectoral Planning Units.

Group composition and ways of working in each sector will be determined to a great extent by national sectoral priorities, the unequal weight of cooperation between sectors and the functioning of the *sectoral round tables*. Each sector will have the autonomy to organise the work as efficiently as possible. A *pro tempore* secretariat will be chosen each year from among the participants. This secretariat will be responsible for organising the agenda and communicating experiences to the GTS. Coordination will take place in the sectoral round tables or the mechanisms that may be defined by the government, seeking to establish clear responsibilities for each of the stakeholders involved.

*Roles and responsibilities:*

- Coordinate the G15's work in the sector.
- Coordinate the G15's work with the sectoral technical bodies.
- Promote the setting up and functioning of participatory spaces for planning and monitoring the sectoral level work.
- Establish with the sector the indicators for monitoring the work at the programme area level.
- Present sectoral reports to the GTS on progress and constraints in the sector.

*Agenda:*

The *sectoral working groups* will meet at least once every three months to analyse PRSP progress reports. Other basic issues to be dealt with are:

- Information sharing on new or ongoing projects; channelling of information to the GTS through the cooperation agency representatives.
- Promote sectoral level coordination mechanisms in areas of mutual interest.
- Exchange experiences and reflect on the direction to be taken by cooperation in the sector in future.
- Analyse the three-monthly PRSP progress reports. Discuss progress and needs for support with the government technical level responsible for implementing sectoral level actions.
- Analyse the functioning of the proposed spaces for civil society participation and put forward proposals to make them more operational.
- Other matters of interest to their members.

Also at this level, the establishment of decentralised mechanisms for coordination with sectoral offices and departmental and municipal governments will be sought. The aim is to achieve not total coverage but specific coordination on the existing regional projects and to build upon the interest, objectives and resources available for coordination in certain municipalities or departments.

The *roles and responsibilities* at this level could be:

- Promote G15 coordination at the departmental or municipal level.
- Coordinate the G15's work at the departmental and municipal level with the decentralised sectoral bodies, local governments and civil society.
- Support linkages between local demands and sectoral programmes and projects at the decentralised level.
- Present reports to the GTS on progress and constraints in developing the local PRSP.

For this work *pro tempore* secretariats will be selected in the departments and municipalities where interested programmes exist. These secretariats will be responsible for organising the agenda and communicating the experiences to the GTS level. Each group will determine the frequency of their meetings.

Coordination between the levels will take place on the basis of the organisational structure suggested for the G15 (see Appendix III). In this structure, political decisions are dealt with in the Ambassadors and Representatives Group, technical matters are dealt with by the GTS, and more specific bodies are established to deal with sectoral issues.

The structure promotes a bottom-up and top-down flow of information which has the flexibility needed to act in accordance with the government's interests and the specific interests of each member of the G15. In addition, the functioning of the GTS acquires its own structure and way of working, thereby laying the foundations for its continuity under future *pro tempore* secretariats.

Coordination with civil society will take place on the basis of the structures that are defined by the government at each level: (i) at the central level with the Consultative Council and the consultation forums to be established by the technical team in charge of coordinating PRSP implementation; (ii) at the sectoral level through the sectoral round

tables or other consultation mechanisms each sector may define; and (iii) at the regional level with the consultation forums to be set up by the decentralised government bodies and the regional and municipal governments.

Tegucigalpa, 20 February 2002



**APPENDIX 1**  
**Definition of key concepts**

| <b>Stockholm Principles</b>   | <b>White Paper:<br/>Key factors for<br/>transformation</b> | <b>PRSP Strategic Guidelines</b>  | <b>Key concepts</b>  |
|---|--|---|--|
| Coordination of donor efforts, guided by the priorities established by the countries themselves   |  | The PRSP is a way of defining and prioritising national-level policies, programmes and projects | <b>G15 coordination based on national policies</b>                       |
| Reduce ecological and social vulnerability  | Investment in social capital                               | Reduce environmental vulnerability and its impact on poverty                                    | <b>Environmental protection</b>  |
| Reduce the external debt burden   |  | Prioritise actions leading to sustainable poverty reduction                                     | <b>Education<br/>Health<br/>Income generation and employment</b>         |
| Reconstruction and transformation based on an integrated approach with transparency and good governance   | Modernisation of the state                                 | Strengthen governance and participatory democracy in the PRSP framework                         | <b>State reform (competence, efficiency, professional civil service)</b> |
|   | Transparency   |   | <b>Transparency (oversight, social consensus, indicators)</b>            |
|   | Strengthening the rule of law                              |   | <b>Justice system<br/>Citizen security</b>                               |
|   | Strengthening democracy                                    |   | <b>Election system</b>   |
| Consolidate democracy and governance, reinforcing decentralisation and active participation by civil society                                      | Decentralisation and citizen participation                 | Strengthen civil society participation and decentralisation in the PRSP                         | <b>Citizen participation<br/>Decentralisation</b>                        |
| Promote human rights as an ongoing objective, making a special effort on gender equality and the rights of children, ethnic groups and minorities |  | Prioritise actions that will benefit the country's most vulnerable areas and groups / gender    | <b>Targeting</b>   |

In the grey shaded area links are made between the Stockholm Principles, the key factors for transformation set out in the White Paper and the PRSP strategic guidelines, arriving at a generic description of the key concepts.

**APPENDIX II**  
**Key factors for transformation**  
**by PRSP programme areas and strategic guidelines**

| <i>Programme areas</i>                      | <i>Strategic guidelines</i>          |  |   |  |                                    |                      |
|---|--------------------------------------|--|---|--|------------------------------------|----------------------|
|   | <i>Sustainable poverty reduction</i> | <i>Prioritisation of most vulnerable areas and groups / gender</i> | <i>Participation and decentralisation</i> | <i>Governance and participatory democracy</i>                        | <i>Environmental vulnerability</i> |                      |
| Speeding up economic growth                 | Income generation and employment     | Targeting  | Citizen participation                     | State reform<br>(competence, efficiency, professional civil service) | Environmental protection           |                      |
| Reducing rural and urban poverty            |                                      |  |   |  |                                    |                      |
| Investing in human capital                  |                                      |  |   |  |                                    | Education and Health |
| Strengthening specific groups               |                                      |  |   |  |                                    |                      |
| Ensuring the sustainability of the strategy |                                      |  |   |  |                                    |                      |
|   |                                      |  | Decentralisation                          | Justice<br>Election system   |                                    |                      |
|   |                                      |  |   | Citizen security   |                                    |                      |

*In the section shaded dark grey the PRSP areas covering the key factors for transformation are identified*

**APPENDIX III**  
***Flow of information in the G15 in Honduras***

