The politics of civil society building: European private aid agencies and democratic transitions in Central America

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Citation for published version (APA):

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Research and analysis of private aid policies in Central America is surprisingly scarce. The few studies produced so far either concentrate on humanitarian aid (Eguízabal et al. 1993), on private aid agency profiles (Sparre 1992; Ortega Carpio 1994) or on individual project interventions, usually meant for internal evaluation purposes. The study by Macdonald (1997) of private aid interventions in Nicaragua and Costa Rica is the only comparative analysis of private aid policies in Central America, although unfortunately it does not include shifts that have occurred in the 1990s. The importance of European private aid agencies in Central America’s democratic transitions is sometimes mentioned (Vilas 1996; Foley 1996), but often also completely ignored even when one would have expected it to be discussed (such as in Dunkerly 1988, 1994; Roy 1992; Tangermann 1995; Sieder 1996a). Even Whitehead (1996b: 242) in his generally excellent analyses of the international components of Central America’s peace process ignores private aid agencies: ‘[But] the reconstitution of an effective political centre should not be viewed solely in terms of inter-governmental relations. This potentiality was powerfully reinforced by the interplay of a series of prominent non-governmental agencies and institutions operating throughout the region – notably the Catholic Church, but also the party internationals, networks of human rights and social activists, the media and the professions.’ Why is the role of private aid agencies a black hole in the literature?

An explanation can be that private aid agencies themselves generally have maintained a low profile in Central America. Their interventions often have had a political character which made them vulnerable to repression by local authorities, but also to repercussions in their home societies and from the governments which provide their income. Another explanation may be that the private aid sector is difficult to analyse: it is a rather diverse sector, including small solidarity groups as well as large professional enterprises handling multi-million dollar budgets. Moreover, many of them do not have offices in Central America which make them often invisible for those who are doing local field research. There is also a methodological problem involved because documents of private aid agencies are not easily available as a result of dispersed archives and a general culture of confidentiality and secrecy. This is justified by arguing that interests of project partners have to be protected, which certainly makes sense. But this argument also often has been used as an excuse to mask the absence of transparency and a culture of external accountability.

One of the premises of this study is that private foreign aid, in particular from
Europe, played a key role in maintaining and supporting the political opposition to authoritarian rule in Central America during the 1980s. That this role was more important than the literature suggests is illustrated by the amount of aid that was channelled to popular organisations, churches, human rights groups and local NGOs that were linked to oppositional forces. Although exact figures are difficult to acquire, in 1987 the forty largest European private aid agencies channelled approximately US$ 130 million to Central America, a figure that increased to almost US$ 200 million in 1992.1 In relative terms this was about ten percent of total bilateral and multilateral aid flows to the region and more than forty percent of total bilateral aid flows to Central America of all the European governments combined (see Table 5.1). In other words, in quantitative terms these agencies were major international players in the Central American region.

However, as was argued earlier, the quantity of private aid flows does not say very much about the quality of private aid interventions. The central concern of this chapter is to examine the role of European private aid agencies during successive democratic transition stages since the early 1980s in Central America. The analysis will focus on private aid policies aimed at contributing to democratisation ‘from below’, and how these policies affected the diversity and density of civil society, particularly in Honduras, El Salvador and Guatemala. To facilitate the analysis, the chapter is divided into four periods: the arrival of private aid agencies in the region in the early 1980s, activities of private aid agencies during the US-sponsored low intensity war, policies in periods of early transition after the 1987 Esquipulas agreement, and private aid interventions following the political watershed of 1989-90.

5.1 Growth of European private aid in the early 1980s

Prior to the 1980s, only a dozen (mostly confessional) European private aid agencies were active in Central America, providing support to local development projects of the Catholic and Protestant churches. Their number gradually increased in the 1970s in response to a number of natural disasters, such as the Managua earthquake of 1972, hurricane Fifi in Honduras (1974) and the Guatemala earthquake of 1976. The latter, for example, prompted the activities of a number of Norwegian private aid agencies in Guatemala,2 but also the entrance of various North American fundamentalist Protestant sects to the highlands. Starting with emergency aid, some of these agencies soon discovered the polarised social and political climate in the region and decided to continue their presence by providing structural aid oriented at poverty alleviation. But the vast majority of European private aid agencies started to operate in Central America in the early 1980s and thereafter: from only a dozen prior to 1980, they numbered over a hundred organisations by the late 1980s.3 How to explain this substantial increase of European private aid interventions in Central America?
A key element for understanding the growth of private aid initiatives in the region was the victory of the Sandinista National Liberation Front (FSLN) in Nicaragua. The Sandinista revolution fuelled hope in progressive circles worldwide about the viability of a socialist alternative in the South. It was the first successful revolutionary struggle in Latin America since the Cuban overthrow of Batista in 1959. Moreover, it occurred at the time that the Latin American left had been defeated by military regimes and their leaders driven into exile, many of them to Europe. The Sandinista revolution generally was viewed with sympathy by progressive private aid agencies, churches and solidarity groups in the North, also thanks to wide media coverage during the last year of the popular struggle against Somoza’s National Guard. Writing about the British OXFAM, Black (1992: 202) observes: ‘Not surprisingly, many of those voluntary agencies committed to solidarity with the poor became stalwart allies of the Sandinista regime, some of the more idealistic among them heralding a socialistic utopia. As in Tanzania, OXFAM found itself able not only to support small-scale local projects, but to add its modest contribution to the general thrust of social action nationwide.’ This illustrates the influence of solidarity groups (and the public opinion that was supporting them) on the priorities of private aid agencies. A NOVIB project officer points at the general euphoria of the early period of the revolution ‘in which anything was possible’, and in which ‘NOVIB in its zeal for Nicaragua knew that it was supported by the sympathy and admiration of broad ranks of Dutch society’ (Lambregts 1996: 7).

A second element to explain the increased presence of European private aid agencies in Central America was the tension in the Atlantic Alliance due to the interventionist policy of the Reagan administration after 1981. Underlying this tension, as was explained in the previous chapter, was Europe’s more active presence in Latin America after the late 1970s, and its rejection of the ‘Reagan doctrine’ in Central America. European governments considered the socio-economic inequalities in the region as the main source of civil conflict, and not so much the external role of Cuba and the Soviet Union. Moreover, Europe advocated support to moderate currents within revolutionary movements to avoid further radicalisation, and therefore rejected the militarist US approach to the conflict which was not only threatening the Alliance consensus but also fuelling a growing peace movement back home against deployment of US cruise missiles. The escalation of the Salvadorean civil war as a result of increased US military aid limited prospects for a rapid negotiated solution to the conflict, which was advocated by European Social Democrats. In addition, growing concern about postponed elections in Nicaragua defused European criticism of US interventionism. As was demonstrated earlier, European diplomacy became more cautious, especially after the 1983 Grenada invasion (which was not officially condemned by any European government). The electoral defeat of the German Social Democrats in October 1982 marked a retreat of European diplomacy, which would only regain strength with its support to the Arias peace plan in 1986. This lower profile on the
part of European governments gave more prominence to the activities of non-
governmental European actors in the region, especially private aid agencies
depending on official aid contributions. Support to these private aid agencies was
a way for European governments to indirectly express 'opposition to US policies
without having to pay the price that direct action on their part would entail'
(Smith 1990: 202).

This changing emphasis from official towards private aid channels in the early
1980s coincided with a third development stimulating the activities of European
and Canadian private aid agencies in Central America: their increased relevance
within the international aid sector, particularly after the late 1970s as was demon­
strated in Chapter 2. Growing doubts about the efficiency of official aid policies
and their inability to tackle poverty effectively gave more prominence to private aid
channels. Official aid contributions to private aid agencies increased considerably
as a result of new co-financing systems established in the second half of the 1970s.
Private aid agencies gradually became stronger transnational actors due to
improved domestic profiles as a result of lobbying activities, public education
campaigns and televised fund-raising appeals. This financially stronger and
politically more prominent role was particularly visible in Latin America, where
opposition to authoritarian regimes was supported with a combination of funding
and political campaigns. The Sandinista revolution actually occurred at one of the
most favourable moments in the history of private aid agencies, due to their
improved infrastructure in Latin America and growing financial resources.
Moreover, Nicaragua was a challenging target as 'anything was possible' to put
methods and ideas about alternative development strategies into practice.

A fourth element markedly influencing policy choices of European private aid
agencies in Central America was the growth and politicisation of the Central
American NGO sector after the early 1970s, eventually leading to its polarisation
in the 1980s. The root causes of this polarisation should be situated in the early 1960s,
when local development NGOs emerged as a result of two external factors. One
was the AID-financed aid programme Alliance for Progress, creating and funding a
new generation of local development organisations to implement social and
economic reforms at the grassroots level. The other factor was the new social
discipline of the Catholic Church resulting from 'Vatican II' and 'Medellín' (with
its 'preferential option for the poor') giving birth to a number of local NGOs,
cooperatives and peasant organisations with the purpose of combating poverty and
organising the poor. In the early 1970s, the latter started to receive financial
support from Catholic and Protestant private aid agencies in Europe and Canada
(such as Misereor, CEBEMO and Caritas), whereas the former entirely depended on
AID funding, often in the form of food aid supplied through Catholic Church
agencies. The main difference between the two NGO currents was that the AID-
funded NGOs were more integrated into top-down governmental development
planning, whereas the so-called 'historic' NGOs operated autonomously from the
state and, as a result, often stood closer to subordinated sectors in civil society.
to the growing polarisation of the political climate in Central America the two NGO tendencies started to politicise. AID-financed NGOs soon became part of state-induced counter-insurgency and economic stabilisation programmes, operating under fairly centralised national umbrellas.\textsuperscript{19} The NGOs of Social Christian origin evolved in the opposite direction, emphasising popular education, 'conscientisation' and popular organising as a tool for social change (Holt 1988). This historic (or popular) NGO tendency was strongest in Guatemala, where local NGOs mushroomed after the 1976 earthquake, although they also experienced a serious setback after repression increased a few years later. In Honduras and El Salvador the majority of the historic NGOs were established after 1980, performing a key supportive role for opposition groups in civil society.\textsuperscript{11}

The increased presence of European private aid agencies in Central America cannot be understood without examining how the confluence of these four elements in the early 1980s occurred in a period of rapid social and political polarisation. It was the 'revolutionary project' of the Sandinista government and its political allies in neighbouring countries versus the counter-revolutionary project of the military regimes supported by the United States. In this polarised climate a 'third option', advocated by moderate European and Canadian external actors (and deliberately frustrated by the US government), was completely absent until the mid-1980s. This polarisation also was reflected in the way private aid interventions in civil society were perceived by the United States: private aid agencies either supported the counter-revolution, or were allies of revolutionary movements. As a result, humanitarian aid (for example to refugees and displaced persons) would inevitably acquire a political character, as it was impossible to support both sides in the conflict simultaneously.

5.2 European private emergency versus US counter-insurgency aid

A review of private aid policies in Central America inevitably starts with Nicaragua, simply because the majority of European and Canadian private aid to Central America in the early 1980s was concentrated here. For many private aid agencies, Nicaragua had been the 'port of disembarkation' for the region. The destruction caused by the civil war demanded fresh external resources and the new revolutionary junta welcomed international aid for reconstruction. Large bilateral aid programmes were initiated, particularly by Germany (until 1982), Sweden, Spain, Italy, France, the Netherlands and Canada, allocating half of their total official development assistance for Central America between 1980-85 to Nicaragua (IRELA 1994b). After 1980, the United States – which had been the largest single aid provider to the Somoza regime – would drastically scale down its support to Nicaragua and successfully blocked new loans from the World Bank and the Inter-American Development Bank (IDB). However, US pressure on the Atlantic allies to boycott Nicaragua was only responded to by the conservative British govern-
ment and some oil-exporting Latin American countries. Nicaragua would become the (new) 'darling' of the Canadian and several European official aid agencies.12

In the slipstream of these new bilateral donors, a large number of private aid agencies, churches, solidarity groups and 'twinned cities' entered Nicaragua in the early 1980s. Their financial contribution was less spectacular compared to official aid: US$ 30 million annually, an estimated five percent of total aid flows (Barraclough et al. 1988). But their presence was crucial to prevent international isolation of the Nicaraguan revolution and to support its survival after the 1985 US trade embargo. The relevance of private aid agencies for Nicaragua was twofold. First, in the early years it was a channel for financial and technical support to large national campaigns (literacy crusade, health, education), and later for channelling support to regional and municipal governments for community development, training of agricultural cooperatives and strengthening mass organisations. Private aid also was a tool for new development experiments (such as alternative energy provision or sustainable agriculture) although these priorities were not always shared by state institutions.13 After 1982, when attacks by the contras started to obstruct development projects, the emphasis of private aid gradually shifted back to the provision of emergency aid to refugees and the internally displaced.14 With large US private aid agencies such as CARE and CRS pulling out of Nicaragua, and official aid agencies cautious to provide humanitarian aid, about 75 percent of this aid was provided by European and Canadian private aid agencies (Eguizábal et al. 1993).15 The largest private aid providers were German (Brot für die Welt, Terre des Hommes), Canadian (Cuso, CARE, Cansave, Oxfam-Canada), Dutch (ICCO, CEBEMO, HIVOS, NOVIB) and Belgian (Oxfam), followed by smaller funding from Sweden (such as the Swedish Cooperative Centre and Diakonia), Norway (Norwegian People's Aid), France (Frères des Hommes), Switzerland (Fastenopfer, Helvetas) and Great Britain (Oxfam-UK/I, Christian Aid, War on Want) (Barraclough et al. 1988; Sparre 1992).

The other significant role, next to being providers of 'solidarity aid', was that private aid agencies and solidarity committees were instrumental in shaping public opinion in their home countries about the achievements of the Nicaraguan revolution and human rights violations in neighbouring countries. Governments and parliamentarians were lobbied to condemn US intervention and to maintain official aid programmes to Nicaragua, despite US pressure for a boycott. Regular visits by official delegations and coffee brigades to Nicaragua produced updated reports by eyewitnesses. This diverse international advocacy work, organised by hundreds of solidarity committees and supported by most of the larger private aid agencies, had a high profile in Europe and Canada. It would contribute to keeping Nicaragua and other Central American countries on the political agenda and in the news headlines throughout the 1980s. This advocacy work served as an important counter-weight to the international misinformation campaign of the Reagan administration, trying to portray the US-financed contras as 'freedom fighters' and Nicaragua as a satellite of the Soviet Union. A positive side-effect was that private
aid agencies acquired a new and activist constituency (partly from the peace movement) successfully pushing for increased support to the Sandinista revolution and to revolutionary movements in other Central American countries. German private aid, for example, was considerably increased after the German Christian Democratic government decided to stop its official aid programme to Nicaragua in late 1982. It also had an impact on private aid agency budgets for El Salvador and Guatemala, which would grow at a steady rate after the mid-1980s.

- **Emergency aid to refugees and the internally displaced**

Private aid support to other Central American countries also was directly determined by US intervention in the region. From their offices in Nicaragua, Mexico and Costa Rica, agency representatives were confronted with a deteriorating political climate in El Salvador and Guatemala (and to a lesser extent Honduras). This was visible in rapidly growing flows of refugees from these countries and internally displaced persons – up to nearly three million civilians in 1982, that is, 14 percent of the Central American population\(^6\) – moving in various directions (Stein 1997). The first large group of refugees came from northern rural zones in El Salvador and crossed the border in 1981 to Honduras, or fled to Nicaragua and Costa Rica to escape carpet bombings by the Salvadorean air force as part of search and destroy operations against the FMLN. In addition, thousands of displaced campesino families poured into the cities. The second flow consisted of a few hundred thousand Guatemalan refugees from indigenous communities of the highlands, crossing the Mexican border between 1981 and 1983 to escape from the scorched earth operations of the Guatemalan armed forces. One group decided to flee to the forests of northern Guatemala where they created the Popular Resistance Communities (CPR’s). A third major flow of refugees came from Nicaragua, although from two distinct groups. The first was part of the indigenous Miskito and Sumu population of the Atlantic coast, which had been forced by the Sandinista government to relocate their communities at the border river with Honduras to new inland settlements. A few thousand decided to cross the river to refugee camps in Honduras. The other group was composed of rural families fleeing the contra war, often because their relatives were accused of belonging to the contras, escaping to refugee camps in Honduras and Costa Rica. These Nicaraguan refugees soon received humanitarian support from US-backed initiatives as part of the low intensity war against Nicaragua. But the Guatemalan and Salvadorean refugees and internally displaced were not adequately serviced by humanitarian aid agencies, despite initial support from UNHCR and the International Committee of the Red Cross (ICRC). These ‘uprooted populations’ would become a primary target group of European (and some Canadian and US) private aid agencies, some of which decided to coordinate their assistance within the Project Counselling Service (PCS).\(^7\)

The Salvadorean refugees in Honduran camps (set up by the UNHCR) were better off than the displaced populations in El Salvador who were distrusted by the authorities as potential supporters of the guerrillas. The internally displaced were
more difficult to reach, as some of them had fled to provisional camps in the cities, while others were still in the middle of conflict zones where even the ICRC was often unable to give food aid and medical care. With the state of siege prevailing, the Salvadorean Catholic Church was one of the few actors in civil society to give legal protection and humanitarian assistance to the displaced. Together with Protestant churches and some local NGOs a special coordinating agency was set up by the new Social Secretariat of the Archdiocese of San Salvador for this purpose: DIACONIA. This ecumenical NGO in the early years of the war became the major (and often the only) channel for international (confessional) private aid agencies to provide emergency aid in the form of food, shelter and medical care to the dispersed groups of displaced people. Consequently, the national network of the churches, supported by rural organisations that had gone underground, provided the only infrastructure still available for legal humanitarian assistance.

In Guatemala, this infrastructure was less developed. The Guatemalan Catholic Church was unable to set up a coordinating body similar to the Salvadorean DIACONIA, also because civil society had become more disarticulated (Eguizábal et al. 1993). The terror of military search and destroy operations in the highlands had generated fear and distrust among the internally displaced; it would only be after ten years of hiding that the thousands of Indians of the northern CPR communities would make their existence public. The magnitude of the problem was even greater than in El Salvador, as the number of Guatemalans internally displaced in the northern departments had risen to about 1.5 million by 1982 (Sollis 1996). Due to the militarisation of the country, up until 1985 it was virtually impossible for private aid agencies to find counterparts in rural areas beyond the official channels. Displaced people searching for shelter in the cities were more easily accessible, and support was often channelled through church-related organisations such as the Guatemalan Religious Conference (CONFREGUA) and the Conference of Evangelical Churches (CIEDEG). An additional problem was the distrust of Indian communities towards Guatemalan Ladino-dominated NGOs. Most of the attention of European private aid agencies in this period therefore was directed at the Guatemalan refugees in Mexico which were supported through Mexico-based organisations, although restricted by the UNHCR and the Mexican government (Burge 1995).

Private aid agencies were confronted with a difficult problem in the provision of humanitarian assistance to refugees and the uprooted: it was impossible to take a neutral position in the midst of the conflict. Most of the internally displaced and refugees were elderly, women and children, and often supportive of the guerrilla movements. They were therefore reluctant to accept support from governmental aid programmes such as the National Commission for the Displaced (CONADES) and the National Commission for the Restoration of Areas (CONARA) in El Salvador and the Committee for National Reconstruction (CRN) in Guatemala. These bodies were controlled by the armed forces and financed by AID as part of counter-insurgency campaigns, and their programmes were often implemented by
right-wing US private aid agencies such as *Project Hope* or *World Relief*. On the other hand, the (more progressive) European aid agencies were careful not to be identified with direct support to the insurgents, as it could harm their work and also potentially scare off their constituencies in Europe. The ‘accompaniment’ approach advocated by European private aid agencies required not only that their counterparts be trusted by the displaced populations, but also that these counterparts have a low political (if not ‘neutral’) profile. The well-connected infrastructure of *DiACONIA* therefore provided, next to a handful of church-based NGOs such as *FUNDASAL* and *CREFAC*, just about the only channel for private aid agencies to give support to those most affected by the war in El Salvador. That many leaders and staff members of these NGOs (including *DIACONIA*) were members or sympathisers of the FMLN was an inevitable consequence of the polarised political climate. As an OXFAM-UK/I representative commented: ‘In El Salvador, the key was to carry out legitimate humanitarian work *within* a politicised reality, rather than seeking a (non-existent) “non-political” space’ (Thompson 1996: 331).

By intervening in a highly polarised political setting, emergency assistance to persecuted sectors in civil society provided by European private aid agencies automatically politicised their interventions. By choosing not to work with governmental programmes, private aid flows to refugees and the displaced functioned as a protective international shield for clandestine work of the opposition. Initially, humanitarian aid was used for the uprooted in conflict zones to survive physically. But there was a ‘tacit consensus’ between agency representatives and their counterparts that this assistance was instrumental in rebuilding the opposition against authoritarian rule. Initially, humanitarian aid was used for the uprooted in conflict zones to survive physically. But there was a ‘tacit consensus’ between agency representatives and their counterparts that this assistance was instrumental in rebuilding the opposition against authoritarian rule. As Thompson (1996: 330) noted for the Salvadorean situation: ‘They were not just surviving; they were breaking the cycle of violence. For some this meant a commitment to the FMLN; to others it meant opposition to the government.’ Newly emerging organisations of the displaced (Cридес in El Salvador and CONDEG in Guatemala) and of refugees (such as the Permanent Committees, CCPP, of Guatemalan refugees in Mexico) would lay the basis for repopulation and repatriation efforts after the mid-1980s. By supporting initiatives of those sectors most affected by counter-insurgency programmes, private foreign aid effectively contributed to rebuilding highly fragmented civil societies. However, the discourse of civil society building was not yet used, as private aid policies in this period were generally defined in terms of ‘support for refugees’ or ‘support for human rights’.

- **Political polarisation of the Central American NGO sector**

The increase of European and Canadian bilateral aid to Nicaragua coincided with a huge increase of US economic and military aid to all the other Central American countries. The United States channelled over US$ 5.8 billion in bilateral economic aid to Central America between 1980 and 1989 (Sanahuja 1992). Official military aid in this period was much smaller – almost US$ 1.7 billion, excluding an esti-
mated US$ 500 million in military and humanitarian aid to the Nicaraguan contras—provoking Burbach and Núñez (1987: 96) to observe that “in Central America, the banana republics have now been replaced by the “AID republics”. In the previous chapter it was already mentioned that a considerable share of US economic assistance was channelled by AID to a number of US private aid agencies in Central America or directly to (often newly established) local NGOs linked to the business sector who had started to perform a key role in US-supported LIC strategies. This would lead to profound antagonism within the Central American NGO sector, generating two clearly distinct tendencies by the mid-1980s: AID-supported local NGOs loyal to the government and historic (or ‘popular’) NGOs closely working with the political opposition and supported by European and Canadian private aid agencies.

The rapid increase of both AID funding and European private aid to Central America strengthened this antagonism and created a politically polarised NGO sector (Kaimowitz 1993). However, this polarisation only became visible in the mid-1980s whereas polarisation in civil society had been deepening already since the late 1970s. Moreover, as was mentioned at the start of this chapter, several European and Canadian private aid agencies had been supporting the historic NGO sector already since the 1960s. So why did this polarisation not occur in the early 1980s? The main explanation for this time gap is the profound militarisation of civil society in that period, which seriously limited the access of European private aid agencies to persecuted sectors in civil society. Only the churches could guarantee this access, especially in El Salvador. As a result, AID in the early 1980s controlled foreign aid flows to civil society, due to its close relationships with governments and the armed forces. But soon after the installation of elected civilian governments in the mid-1980s, opportunities for European private aid broadened. This was illustrated by the coordinated action of historic NGOs rejecting offers of AID funding because these were associated with US-backed counter-insurgency. It was also visible in the rapid growth of new popular organisations and development NGOs, of which a majority would receive support from European and Canadian private aid agencies.

In El Salvador, this polarisation between the two NGO tendencies was hidden until 1985. Initially, in 1980, AID focused its support on agrarian reform, which was considered to be instrumental for generating support among the rural population for Duarte’s Christian Democratic Party, the PDC. The agrarian reform programme benefited the AFLD-created peasant organisation UCS and excluded the independent cooperative movement supported by the Catholic Church (Rosa 1993). When reformist policies were abandoned and replaced by LIC strategies under the Reagan administration, AID changed its civil society focus to a three-pronged strategy: political demobilisation and control of the population, political and economic stabilisation, and private sector support (Barry 1990). Support for pacification in rural areas was channelled through governmental agencies such as CONARA and CONADES for the civic action programmes of the armed forces.
Political stabilisation aimed to provide the Duarte government with a democratic image, whereas private sector support contributed to the creation of new business associations to promote non-traditional export policies and to privatise state services. The neoliberal think-tank FUSADES, founded in 1983, would become the main channel for AID support aimed at creating a range of local private sector NGOs in the 1980s. Meanwhile, AID approached a number of US private aid agencies to open up new development programmes in El Salvador, although several refused to be part of US counter-insurgency programmes. In 1985, the historic NGOs in El Salvador created the Coordinating Council of Private Institutes for Human Promotion (CIPHES), which would become the main coordinating body of Salvadoran NGOs rejecting AID funding.

In Guatemala, the same type of temporary AID monopoly predominated in rural areas during the early 1980s, especially during the scorched earth operations in the highlands under the military governments of Lucas Garcia and Rios Montt. The main channel for AID was the Committee for National Reconstruction (CRN), a governmental institution created after the 1976 earthquake which was controlled by the armed forces. In the first half of the 1980s, AID provided funding for counter-insurgency activities in the so-called polos de desarrollo, where internally displaced peoples were organised in model villages under military supervision. US food assistance programmes to these settlements were coordinated by US private aid agencies such as Catholic Relief Services (CRS), CARE and Project Hope. Also funded by AID, through CRN, were activities of a growing number of Guatemalan and US right-wing evangelical churches operating in conflict zones. Especially under Rios Montt – member of El Verbo church, a branch of the US neo-Pentecostal organisation World Gospel Outreach – these evangelical sects expanded their influence among indigenous communities. Similar to El Salvador, AID in Guatemala also supported ‘modernising’ tendencies within the business sector and financed the creation of several new private sector development foundations to pave the way for neoliberal alternatives to traditional agro-export policies. The covert role that AID was playing in supporting counter-insurgency programmes through CRN led a group of a dozen historic Guatemalan NGOs to decide in 1985 to leave the NGO umbrella ASINDES. A new NGO coordinating body was formed, the Council of Development Institutes (COINDE), whose members would become the main beneficiaries of European and Canadian private aid agencies.

In Honduras, AID policies were not essentially different, although the country was not afflicted by open civil war. But the presence of the contras and the deployment of US troops certainly contributed to militarising Honduran society. Starting in 1980, a vast number of US private aid agencies and evangelical churches entered Honduras to start development programmes or to provide humanitarian assistance to the contras (or ‘Nicaraguan refugees’ as they were euphemistically called by the US embassy). The number of Honduran NGOs tripled between 1980 and 1987, and this rapid boom was entirely due to the increase of AID funding; it was difficult to find Honduran NGOs not financed by AID. Political pacification, economic
stabilisation and private sector support also in Honduras figured as the primary goals of AID’s top-down policies to strengthen civil society. Local NGOs were either directly created by AID (such as the private sector NGOs AVANCE and CADERH) or indirectly through US private aid agencies such as Private Agencies Collaborating Together (PACT), the Inter-American Foundation (IAF) and the Pan American Development Foundation (PADF). AID funding for social services and small business development was channelled through a new Honduran NGO umbrella created in 1982, the Federation of Private Development Organisations (FOPRIDEH), of which several members also depended on European private aid support. The more progressive peasant, worker and community organisations and development NGOs were excluded from AID funding and were entirely supported by European private aid agencies. Only in the late 1980s, when US aid to Honduras was declining, did FOPRIDEH take a more critical approach towards AID.

The previous analysis demonstrates that European private aid to Central America until the mid-1980s was concentrated in Nicaragua, and that its role in early transitions in the rest of the region was limited until 1985. Emergency assistance to displaced populations and refugees characterised European and Canadian private aid support to El Salvador, Guatemala and Honduras, often channelled through local organisations related to the churches. Militarisation of society and large US aid flows limited the opportunities of European private aid agencies who refused to work with the governments of these countries and instead preferred to support a minimal infrastructure for the (often clandestine) organisations of the opposition. As many European governments also were reluctant to start bilateral aid programmes to the authoritarian governments of El Salvador and Guatemala, private aid channels were increasingly used to counterbalance US-supported counter-insurgency programmes. After the installation of civilian governments in the mid-1980s these private aid flows not only increased, but also contributed to highlighting the hidden polarisation in civil society.

Two competing views on civil society building would prevail in this second phase of early transitions: the top-down ‘market-oriented’ approach by AID and the bottom-up ‘inclusive’ approach by European and Canadian private aid agencies. The AID approach aimed to set up new business associations and private sector foundations with the primary goal of ‘modernising’ the business sector, stimulating a non-traditional export model, and facilitating privatisation of state services. Development and service NGOs set up or supported by these AID programmes implemented market-oriented training and media programmes, generally aimed at the small and medium-size business sectors, whose umbrellas (such as ASINDES and FOPRIDEH) also served as an aid channel. The vertical focus meant that local organisations were not actively involved in the design and implementation of these projects, often leading to weak institutionalisation and aid dependency (Reuben 1991). The European approach to civil society building was to stimulate existing or emerging organisational structures and to work directly with these groups and their development NGOs on the basis of ‘accompaniment’ and perceived needs.
bottom-up approach often also included non-monetary forms such as training and advocacy (Macdonald 1997). The primary goal was to enhance the participation of marginalised sectors, strengthen their local organisations, and stimulate critical thinking about the way to confront their immediate and medium-term political and social needs. The polarised character of these two approaches could be termed 'political pacification versus political transformation'. In the next section the implementation of the inclusive European approach on civil society building will be examined more closely.

5.3 Civil society building during early democratic transitions

After 1983 the character of the Central American conflict gradually changed from open warfare to more subtle counter-insurgency campaigns as part of a sophisticated LIC strategy in which humanitarian aid would become a key ingredient. In Guatemala popular militias – Civil Defence Patrols (PAC's) – and development committees were formed under supervision of the armed forces, while President Rios Montt launched his frijoles y tortilla ('bread and beans') campaign to win the hearts and minds of the indigenous population. It was a highly politicised form of humanitarian aid, implemented with support from US fundamentalist evangelical churches and their related private aid agencies. As a US general in the region frankly commented on the methods used in counter-insurgency tactics: 'In a guerrilla war, the most important piece of territory is the six inches between a peasant's ear.' In El Salvador these governmental aid programmes as part of counter-insurgency campaigns started in 1983 with the provision of (US-sponsored) humanitarian aid to civilians in conflict zones, combined with psychological warfare designed to separate the FMLN from its support base. In addition, the installation of elected civilian regimes (Duarte in El Salvador and Cerezo in Guatemala) was recommended by the US bipartisan commission led by Henry Kissinger to give a democratic image to its LIC strategy (Byrne 1996). Despite military domination of these new civilian governments, civil society would take advantage of the new political space opening up after 1984 in El Salvador and after 1986 in Guatemala. The same happened in Honduras, after the forced removal of General Alvarez in 1984. During this second phase of early transitions, the policies of European private aid agencies shifted from providing emergency aid to war victims to more structural support for new organisation building in civil society. The regional Esquipulas peace agreement of 1987 further increased the opportunities for private aid agencies to focus on civil society building policies, which will be examined in more detail for each country.

- Honduras: forging unity within the popular movement (1985-89)
European private aid support to strengthen Honduran civil society was quite different compared to Nicaragua, El Salvador and Guatemala. The level of aid was
more constant throughout the 1980s, but on average also smaller as fewer agencies had programmes in Honduras. A key 'handicap' was, as a member of the opposition frankly stated, that despite being the poorest country in the region, Honduras lacked the perspective of a revolutionary transformation; private aid to Honduras therefore always was in some way related to the processes in El Salvador and Nicaragua. The Honduran political-revolutionary movements that emerged in the late 1970s (particularly after the Sandinista victory) were marginal compared to the movements in neighbouring countries, although they had a function in providing logistical support to those external movements and in stimulating the formation of several domestic popular organisations. However, the strong presence of US troops, AID and Nicaraguan contras had converted Honduras into a US stronghold for regional low intensity warfare, and the resulting militarisation of the country seriously limited popular organising until the mid-1980s.

Despite these limitations, over twenty European private aid agencies were active in Honduras. Catholic agencies (such as Misereor, CEBEMO, CAFOD, CIR, Fastenopfer and Trocaire) had been supporting social activities of the Church since the 1970s, although this work also was restricted by state repression. Several Protestant agencies (such as EZE, DCA, ICCO, HEKS, Christian Aid, Diakonia, LWF, Brot für die Welt) and a number of secular private aid agencies (HIVOS, NOVIB, Norwegian People's Aid, Oxfam-UK/I, Oxfam-Belgium, Ibis) and party-related foundations (Friedrich Ebert Stiftung, Friedrich Naumann Stiftung) increased their support to Honduras, especially in the second half of the 1980s. These agencies had in common that they rejected US intervention (both military and economic) and preferred to support those organisations of the opposition that were not funded by AID. In the early 1980s support was given to Salvadorean refugees, the churches, to a handful of new local NGOs working with peasant and community organisations and to human rights organisations that were just about the only public voices for the opposition. Development NGOs founded with European private aid support had programmes on literacy, popular education, agricultural training, cooperatives and primary health care, and were generally closely linked to the left-wing opposition and rejected AID funding. Some of them, such as the Christian Development Commission (CCD), that was supported by Protestant agencies, also worked in remote areas at the Salvadorean border where the army tried to control and intimidate the rural (often indigenous) communities by setting up civil defence committees to prevent contact with the FMLN (Barry et al. 1989). The main focus of these 'independent' development NGOs was to strengthen the leadership and institutional capacity of popular organisations, which had been weakened by repression in rural areas. Unlike in El Salvador and Guatemala, this type of civil society building had not been disrupted by civil war and represented a more gradual follow-up to the traditional social work of the Catholic Church.

After militarisation eased with the removal of General Alvarez in 1984, mobilisation of civil society sectors increased (especially against the presence of contras and US troops) and several new organisations emerged. This was also a time
in which European private aid flows increased considerably, and it was preferred to support popular (membership) organisations directly rather than indirectly through development NGOs. A major focus was the peasant movement, traditionally strong in mobilising the rural population for land occupations and demands for governmental subsidies, and the trade unions. However, the peasant movement was weakened by internal competition among peasant leaders, provoking internal divisions and co-optation efforts by the government. In the early 1980s the militant (Social Christian) National Peasant Union (UNC) was, for example, successfully ‘neutralised’ by the Honduran government (Norsworthy and Barry 1994). Therefore, the formation in 1985 of a new independent peasant confederation, the National Central of Rural Workers (CNTC), was welcomed as a promising initiative to unite the divided Honduran peasant movement. To avoid dependence on AID or governmental funding, CNTC turned to European private aid agencies for support. The response was amazing: within two years CNTC received funding from seventeen different private aid agencies (for literacy, credit and training programmes), making it the largest counterpart of these agencies in Honduras with an annual budget of more than a million dollars. However, CNTC lacked the capacity to administer these large aid resources. Internal tensions and charges of corruption followed and within a few years serious internal divisions existed. Most agencies admitted that in their enthusiasm to strengthen independent popular organisations they had ‘overfunded’ the CNTC and actually indirectly contributed to weakening civil society in Honduras. Probably, this also was due to poor coordination among the donor agencies.

The CNTC experience made private aid agencies more cautious in supporting Honduran popular organisations and their national coordinating bodies. Lack of coordination among popular organisations and competition between their leaders appeared to be structural obstacles to breaking the hegemony of the bipartisan political system. Several newly emerging civil society coalitions were supported by European private aid agencies, but lacked the capacity (or the unity) to serve as temporary actors in political society. Examples are the Coordinating Committee of Popular Organisations (CCOP) and later in 1988 the Coordinating Council of Peasant Organisations (COCOCH) and the Plataforma de lucha, a broad civil society coalition against the neoliberal adjustment programme of President Callejas. His government tried to break the unity of these coalitions by provoking divisions or by setting up parallel alliances, such as the National Development Coalition of Honduran Peasants (CONACADH) which incorporated several COCOCH unions (Posas 1992). The difficulty of uniting forces was also visible in failed efforts to establish an NGO coordinating organ separate from the AID-funded FOPRIDEH. The lack of unity among opposition forces, recurrent divisions within popular organisations and rivalry between leaders represented serious limitations for European private aid agencies in pursuing policies that could contribute to strengthening civil society. Particularly the lack of autonomy of popular organisations from the small left-wing parties and the dominant influence of AID-
sponsored organisations limited their possibilities in Honduras.

Faced with these adverse circumstances, many European private aid agencies gave a lower priority to their work in Honduras, shifting their emphasis more to newly arising opportunities in El Salvador and Guatemala, especially after the repatriation of Salvadorean refugees from the Honduran camps. This gradual retreat, becoming visible in the early 1990s, fuelled suspicions by Honduran counterparts that European agencies only considered their presence in Honduras as instrumental to their activities in the surrounding countries. Nevertheless, political conditions for civil society building in Honduras had improved with the end of the contra war, making room for new domestic priorities such as organising women, indigenous people, workers in the maquila and workers in the informal urban sector. The defeat of the Sandinistas also defused sectarian struggles by left-wing revolutionary parties within the unions, indirectly contributing to the emergence of more autonomous social organisations with support from private foreign aid. An outstanding example of this shift was the increased role of women's organisations (together with human rights groups) in mobilising civil society in the early 1990s to accelerate demilitarisation and prosecution of human rights abuses. This mobilisation of civil society eventually helped to shift the neoliberal programme of President Callejas to more progressive and less polarising policies under President Reina, which would move democratic transition into a new stage.

El Salvador: support to repopulation and rebuilding the popular sector (1984-89)

European private aid agencies were able to operate more openly in El Salvador after the installation of President Duarte in 1984. Activities initially were aimed at supporting human rights groups and displaced populations, who founded their own membership organisation: the Christian Committee of Displaced Persons (CRIPDES). The churches wanted to close down the special camps in urban areas for displaced people and relocate them to the countryside, among other things because they feared that their inhabitants were starting to become passive and too dependent upon external assistance. This was an incentive for the displaced to set up CRIPDES, which would organise the repopulated communities, facilitate basic needs and help them in finding humanitarian assistance from churches and foreign private aid agencies (Thompson 1995). The government opposed the initiatives by CRIPDES, which it considered to be an FMLN-controlled organisation. The Duarte government wanted to place the displaced people in civic action programmes and require them to take part in civil defence patrols that could serve as a guard against the guerrilla forces. Meanwhile in 1985-86 the army started to depopulate entire areas in order to isolate the FMLN, which generated a record number of around half a million displaced persons. Efforts to find a structural non-militarist solution for the displaced led to a proposal by DIACONIA and FUNDASAL (a local NGO specialised in housing projects) for a pilot-project to relocate displaced people to a formerly destroyed town: Tenancingo. Almost entirely funded by European private aid agencies, the reconstruction of Tenancingo was meant to create a
'neutral area', respected by the FMLN and the government, and symbolising
the start of structural repopulations. Although the project failed because of its top-
down design, Tenancingo did become the start of reconstructing civil society for
the victims of the war (Edwards and Siebentritt 1991).46

During the second half of Duarte's term the internally displaced started to return
to their destroyed communities, some quietly in small numbers (mainly to northern
Morazán), others openly and in large groups (Burge 1995). In 1986 the repopulation
movement increased its organisational capacity by forming the National Coalition
for Repopulation (CNR) to promote and organise the repopulation of the internally
displaced. This provided new opportunities for European private aid agencies to
increase their funding to El Salvador as CNR and CRIPDES would become more
open channels to support repopulated communities in rural conflict zones. More
important, the focus of support now shifted from emergency assistance to more
structural development aid with which the new communities were able to set up
durable solutions such as agricultural cooperatives and small enterprises, and to
improve the local infrastructure with drinking water, health care and education
projects. Not surprisingly, the government opposed these repopulations to areas
that had been deliberately depopulated by the armed forces to create free-fire zones
against FMLN guerrilla forces; in fact, the government often denied the existence of
these repopulated communities. But good internal organisation of the communities
and advocacy through international networks of churches (the World Council of
Churches), private aid agencies (such as ICVA) and solidarity groups provided
effective protection against armed forces and governmental interference. Through
these connections, organisations of the uprooted had access to what Pritchard
(1996: 125) calls a 'transnational political space', from which they appropriated
universal human rights demands into their struggle such as the right to return to
their place of origin.

The Esquipulas peace agreement of August 1987 spurred the first of a series of
repatriations of Salvadorean refugees from their camps in Honduras, a movement
of people that was also stimulated and facilitated by the earlier repopulation efforts.
By financing the repopulations and repatriations to conflict zones, European and
Canadian private aid agencies were aware that they were frustrating governmental
plans to control the displaced through civic action programmes and that depopula-
tion of these areas as a military strategy would become impossible. Support to the
new communities in the FMLN-controlled zones of Morazán, San Miguel, Chalaten-
nango, Cabañas, Cuscatlán, Usulután and La Libertad actually implied that private
aid agencies actively supported the FMLN, but this was not made explicit for
security reasons.48 Initially, DIACONIA and the new community organisations
served as intermediaries for foreign aid, but after Esquipulas this function was
gradually taken over by newly created intermediary NGOs, all closely linked to the
FMLN. These new NGOs operated as coordinating bodies, each servicing a particular
geographical area controlled by one of the five FMLN member parties, and actively
searching for new external private aid resources.49 In addition, dozens of new
development NGOs had emerged in the capital since the mid-1980s, of which the ones linked to the opposition (and thus who rejected AID funding) often were part of the NGO umbrella group CIPHES. This boom in new development NGOs was further stimulated by the growing availability of aid resources provided by private aid agencies, the European Community and after 1989 by the UN-sponsored CIREPCA programme, all channelling substantial aid resources through these local NGOs. A certain level of competition for foreign aid resources also became apparent among the five parties and their affiliated NGOs, although the FPL (the largest FMLN tendency) attracted the greatest share of private foreign aid.

Between 1988 and 1994 private aid agencies would channel over a hundred million dollars to these new Salvadorean NGOs for developing a few dozen settlements such as San Antonio los Ranchos and Guarjila (Chalatenango), Copapayo (Cuscatlán), Santa Marta (Cabañas), Nueva Gualcho (Usulután) and Segundo Montes (Morazán). These new settlements were strategically important for the FMLN, but also politically significant as they represented opportunities to construct a new type of society which served as an alternative model for El Salvador’s unequal social and economic structure (Macdonald and Gatehouse 1995). Due to the absence of governmental authorities, all infrastructure, health, education and production systems had to be constructed by the communities themselves, for which foreign aid agencies provided the resources. The population in the settlements was very well organised, with a high level of participation by women and priority given to collective methods of production. Community councils formed regional organisations, providing an organisational framework through which aid assistance was negotiated with foreign-funded local NGOs. The shift from emergency assistance to the provision of structural aid for social services, agricultural cooperatives and small enterprises also contributed to the rapid expansion of foreign aid flows to these communities after 1990. However, the alternative development model promoted by the repopulation movement had serious limitations. As these communities were located in conflict zones, community participation often was subordinated to FMLN interests, creating vertical organisation structures (Foley 1996). Another limitation was that it was difficult to replicate the social and economic model of the communities in other rural areas, and to make the communities economically sustainable due to their total dependence on foreign aid flows (Thompson 1995). Both limitations would become major concerns for private aid agencies after the signing of the peace accords in 1992.

Next to repopulated and repatriated communities in rural El Salvador, the other key focus of private aid agencies after the mid-1980s was to support new popular organisations in urban areas. Between 1981 and 1983 existing popular organisations were forced to go underground, often using the Catholic Church or human rights groups as a legal shield for protection. The 1984 election campaign provided new political space for the popular movement, first visible in the formation of the Salvadorean United Labour and Association Movement (MUSYGES, 1983). Under Duarte’s presidency new unions emerged, some of them AID-sponsored to create
A TACIT CONSENSUS

a constituency for the Christian Democrats, but most of these organisations were linked to the opposition such as the State and Municipal Workers Coordinating Council (CCTEM, 1985) and the National Coalition of Agricultural Cooperatives (COACES, 1985). New national alliances were created, coordinating a broad array of rural and urban associations such as the Worker’s Solidarity Coalition (CST, 1985), a follow-up to MUSYGES which later merged into the National Union of Salvadorean Workers (UNTS, 1986). All these organisations received substantial support from European private aid agencies, either directly or through their member organisations. The government soon responded by creating a similar coalition, the National Worker and Peasant Union (UNOC, 1986) which was loyal to the government and composed of AFLD-sponsored unions (Lungo 1995). UNTS and UNOC would sharply oppose each other until the late 1980s, when they decided to join efforts against the new ARENA government in the Democratic Peasant Alliance (ADC, 1989).

Similar polarisation in civil society occurred after the October 1986 earthquake, with the arrival of emergency relief from US agencies and evangelical churches, but also from European private aid agencies. The latter channelled their support through UNTS-affiliated organisations and development NGOs and spurred the formation of new marginalised urban community organisations, creating a diverse and radical urban popular movement. Most of these organisations would become active participants in the National Debate for Peace (CPDN), a forum initiated by the Catholic Church in 1988 to demand a negotiated solution to the war. Apart from financial aid, private aid agencies also played an important role in removing obstacles for humanitarian assistance, particularly prior to and during the November 1989 FMLN offensive. By setting up a coordinated information service, they actively mobilised international support for peace negotiations.

Private aid flows to El Salvador were highest in 1990-91, after regional attention moved from the defeated Sandinistas in Nicaragua to the Salvadorean peace talks, although official foreign aid flows would achieve their peak after the peace negotiations were successfully concluded in late 1991. However, the basis for rebuilding civil society was laid between 1984 and 1989, when a few hundred new popular organisations emerged, organising traditional sectors (such as workers, peasants and teachers) as well as new social sectors such as displaced populations and marginalised urban communities. Many of these organisations – and in particular their national umbrellas such as COACES, UNTS and CPDN – had been financed by European private aid agencies. These organisations, in addition to the network of new local NGOs linked to the opposition, provided a key infrastructure for the FMLN to survive politically during the war years. European private aid support thus was a vital element in implementing the strategy of the FMLN leadership. Many believe that without this private aid support, organised pressure from civil society for peace negotiations would not have acquired the level that became visible after the election of President Cristiani in 1989, which eventually moved the political process into the stage of mid-transition. Probably more than anywhere else in the
region the international advocacy work of private aid agencies was an important factor in mobilising the international community to move democratic transition forward.

- *Guatemala: contributing to national consensus (1988-93)*

The way private aid agencies supported repatriation of Guatemalan refugees in Mexico to their places of origin resembled the Salvadorean experience, although with two important differences. For one thing, these refugees belonged to Guatemala’s Indian majority and distrusted non-Indian interference; for another, the repatriation occurred almost five years later in a completely new regional political setting as was shown in the previous chapter. The Guatemalan democratic transition process not only started later, it also had a slower pace compared to El Salvador and Honduras. Hence, European private aid support to the process of rebuilding civil society in Guatemala started about five years later, in 1988-89, during the final years of the Cerezo administration. Prior to these years, aid agencies unwilling to work with military-controlled emergency assistance and repopulation programmes sponsored by AID encountered difficulties working in rural areas affected by military operations. Emergency assistance to displaced communities and other war victims was channelled through the rural network of the churches, and often coordinated by church-related agencies such as CONREGUA and CIEDEG. But this support was marginal compared to the large flow of aid from US evangelical churches and AID-supported NGOs. Only in non-conflict areas had private aid agencies been able to continue supporting rural communities with social services and building organisational capacity; programmes implemented by the historic NGOs assembled in COINDE.\(^6\)

During the Cerezo government political space was rather limited for the handful of popular organisations in civil society, most of them having come into existence in 1988 or later when repression against popular leaders became more selective (Gutiérrez 1997). Human rights groups were established to assist war victims (such as GAM, CIEPRODH, CONAVIGUA, CERJ), or to organise the displaced populations (CONDEG), in addition to a number of unions (such as UNSITRAGUA, CUSG and CGTC) most of which merged into the Labour and Popular Action Unity (UASP). All these organisations started to receive support from European private agencies, although their capacity to mobilise civil society was by far less strong than in El Salvador, where the revolutionary movement was more united and relations between leaders and constituency firmer. Moreover, radical strikes and marches of UASP in 1988-89 reinforced sectarianism and contributed to political polarisation, while new forms of social mobilisation were required to break the cycle of violence (Castañeda Sandoval 1993). Faced with the violent and polarised political climate in Guatemala many private aid agencies searched for ways to support the reconstruction of marginalised Indian communities in rural areas that had been the site of conflict. National reconciliation between the Indian and Ladino population was considered to be a key condition for a successful peace process, and hence for
contributing to democratic transition. Therefore, next to supporting human rights groups and an emerging (urban) popular movement, the priorities of European private aid agencies in Guatemala in the late 1980s were to support displaced rural populations, strengthen Indian organisations and prepare the return of Indian refugees from Mexico.

Conditions to support the displaced in Guatemala were adverse compared to El Salvador, where the FMLN had been successful in undermining the government's repopulation and pacification programmes. In Guatemala the URNG was smaller, weaker and unable to provide protection to the scattered displaced populations, with the exception of the thousands that fled to the North to form the CPR's. Independent community organising had been destroyed by military operations; the high death toll of men had fundamentally changed the composition of Indian communities, and fear resulting from this terror had made civil defence patrols and military commissions the only remaining forms of social organising in rural areas affected by the conflict (Alecio 1995). Access of international aid agencies to these communities was risky if collaboration with the armed forces was to be avoided. Only the displaced that had fled to the capital and other cities could be reached through local NGOs, although this assistance was hampered by their low level of organisation. During the second half of the Cerezo government conditions slowly improved for rebuilding organisations of the victims of the war. Apart from the earlier mentioned church-related organisations and networks, private aid support was increasingly channelled through a number of secular NGOs which managed to open offices in former conflict areas. Gradually (and covertly), organisational capacity of the communities improved also thanks to close coordination with popular organisations such as GAM, CERJ and CONAVIGUA and, after 1990, with the National Council of Displaced People (CONDEG). But even in 1990 community organising was considered by the armed forces as a form of subversive action: the army continued its selective repression against popular leaders or responded to community mobilisations with gunfire resulting in massacres such as in Santiago Atitlán in December 1990 (Perera 1993).

In addition to the Ladino-dominated NGOs, in the late 1980s a new category of local development NGOs emerged in Guatemala which were entirely managed by staff of Indian descent and advocated desarrollo indigena, a development strategy in which the traditional Maya culture was respected and promoted. These Indian NGOs established direct links with Indian communities which often became part of their organisational structure in the form of 'community associations' or 'development councils'. Their leaders generally had been trained in the 1970s in programmes offered by the historic NGOs, spoke one or more Maya languages and had grown up in the Maya culture. This was of course an enormous asset in the Indian highlands. Some of their NGOs, such as the Caqchikel Coordinating Agency for Integral Development (COCADI), initially started as a grassroots organisation in the early 1980s, although due to repression it had to shift its focus to social assistance. Other Indian NGOs emerged in the mid-1980s, often as
initiatives by local Indian leaders to improve the bad living conditions in the communities and increase local participation and community organising with an integrated approach which is typical of the so-called 'Maya cosmovision'. Examples are the Western Rural Development Agency (CDRO, 1984) in Totonicapán, the Foundation of the Educational, Social and Economic Development Association (FUNDADESE, 1985) in El Quiché and the Association of Indigenous Cooperation for Integrated Development (COINDI, 1986) in Sololá. After 1988 various European private aid agencies started to support these Indian NGOs and their community development programmes, particularly because they aimed to strengthen civil society at a local level. As a result of increasing external aid, many of these new NGOs expanded the scope of their activities in the 1990s and started to work in those communities in which the Civil Defence Patrols (PAC's) had been the only form of local organisation. (The case of FUNDADESE will be further examined in Chapter 6).

Private aid agencies also started to support newly emerging Indian membership organisations. Following the establishment in the 1980s of Indian NGOs, a coalition of organisations was founded in 1990 in which several of these NGOs actively participated: the Guatemalan Council of Maya Organisations (COMG). The foundation of COMG symbolised the start of a 'rebirth' of popular organising among the Indian population of Guatemala which had been absent since the CUC went underground in the late 1970s. The growth of Indian organisations was spurred by an international revival of movements promoting the defence of indigenous rights. Their demands were supported by international treaties (such as Convention 169 of the ILO) and received broad attention in 1991 throughout Guatemala, where the continental counter-celebration of the 500 years commemoration of the 'discovery' of the Americas was organised. The awarding of the 1992 Nobel Peace Prize to CUC leader and human rights activist Rigoberta Menchú and the growing importance of the 'identity and rights of indigenous people' - which was a central issue during the peace negotiations between the URNG and the government - further stimulated the formation of Indian organisations, a few hundred of which would emerge in the early 1990s (Bastos and Camus 1995). Many of these organisations, in particular the national coalitions assembled in the Coordinating Council of Organisations of the Mayan People in Guatemala (COPMAGUA), would become primary beneficiaries of European private aid in the 1990s.

One of the priorities of private aid agencies was to support the return of Guatemalan refugees and the repopulation of the displaced in the CPR's to their places of origin. Refugees and the internally displaced were those most affected by the war who feared that resettlement in Guatemala would imply renewed subordination to the armed forces. The government organised individual repatriations in 1987, but the returned families faced threats from the armed forces and civil defence patrols and received virtually no social support for their resettlement (Garst 1993). In response, refugees in Mexican camps demanded collective repatriation,
guarantees for their security and better social conditions prior to their repatriation. In 1988 they organised themselves into the Permanent Committees (CCPP) and started negotiations with the Guatemalan government on the conditions for their return, receiving international support from a group of private aid agencies, churches and solidarity committees. This international advocacy was crucial as the zones of resettlement were heavily militarised: combat and aerial bombing in the northern Ixcán area (where CPR's were hiding) would continue until April 1993, and the local population was firmly controlled by civil defence patrols. The absence of an organised civilian population sympathetic to the returnees made the Guatemalan repatriation far more complicated than it had been in El Salvador. This was aggravated by the scarcity of cultivable land, generating serious tensions between local communities and the returning refugees (Bürge 1995; Pritchard 1996). Furthermore, stagnating peace talks and disagreements between the URNG and popular organisations did not contribute to a smooth and coordinated resettlement process. Only after an agreement was reached between the CCPP and the government in 1992 did the first of a series of successful repatriations start in January 1993 with the return of a few thousand refugees to the Ixcán municipality in El Quiche.

European private aid agencies were key players in supporting the reintegration of the uprooted population back into Guatemalan civil society. While the operational costs of repatriation were covered by multilateral funds (UNHCR, CIREFCA, PRODERE and EU) private aid was instrumental in building up the organisational capacity of the refugees (CCPP and ARDIGUA) and of the displaced, who since 1989 had been organised in the National Council of Guatemalan Displaced (CONDEG). Moreover, international lobbying by European private aid agencies successfully guaranteed a major role for local NGOs in channelling large flows of multilateral funding (from CIREFCA and PRODERE) to the repatriation and repopulation process. The impact of this international pressure was illustrated by the source of these funds: over ninety percent was provided by European governments. On the Guatemalan side this advocacy was organised by CONGOOP, in which over a dozen Guatemalan NGOs working with the uprooted were brought together, including most historic NGOs. CONGOOP and its members received support from all major European private aid agencies and played a role similar to that of the Salvadorean NGOs facilitating the reintegration process in Salvadorean former conflict zones. However, the Guatemalan process was complicated by cultural differences (Ladino-dominated NGOs versus Indian popular organisations), the slow pace of the peace process and by internal divisions within the CCPP. In addition, the CCPP accused Indian organisations in the resettlement areas of being manipulated by the URNG, although competition for control over large external resources appeared to play a role in these accusations (Krznaric 1997). This generated concern among European agency representatives, who complained about the weakness of Guatemalan popular organisations and the lack of professionalism of local NGOs, but also about the poor coordination among foreign aid agencies.

Another serious limitation was that Central America in the early 1990s was losing
its priority for (European) donor governments, just at the start of the Guatemalan process of reconciliation and when it most needed international support. In addition, funding regulations were becoming stricter in the early 1990s as will be seen later in this chapter, leading to a lower ‘peace dividend’ than in El Salvador. Despite these limitations, support from European private aid agencies to strengthen new independent organisations in civil society during the last stage of early transition was substantial: the vast majority of social organisations and NGOs of the opposition received support from these agencies, which had shifted their emphasis after 1992 from El Salvador to Guatemala. As the level of aid funding had dropped and lost its counter-insurgency focus, European private aid support would become even more important for rebuilding Guatemalan civil society, where a slow process had started to forge a national consensus about a peaceful solution to the civil war.

Regional Central America strategies of private aid agencies
In addition to the national policies described above, several European (and Canadian) private aid agencies meanwhile had started to support regional networks of civil society associations. Notably the four Dutch private aid agencies, the German Brot für die Welt, the Danish Ibis, the Norwegian People’s Aid, the Swedish Diakonia and the British OXFAM-UK/I started to finance the formation and the operational costs of these regional networks. They were primarily formed to exchange national experiences, but later also to link micro-level action with national and international advocacy campaigns. The networks were a typical product of the regional crisis, and soon became, as one agency policy document formulates it, ‘part of a strategy to break the us-imposed isolation of Nicaragua in the 1980s, to develop a scheme of popular regional integration [...] as an alternative to the government-based regional collaboration’ (Bye et al. 1995: 31). These regional civil society networks emerged in three ‘generations’. The first group of regional networks was founded at the start of the Central American crisis and in the early years of the Nicaraguan revolution, roughly between 1978 and 1981. Responding to increased political repression by militarised security forces, in 1978 a human rights commission was formed in Costa Rica to denounce these acts of violence: CODEHUCA. Initially established as a committee, CODEHUCA soon functioned as a network of national human rights committees throughout the region. Other networks emerged in the early years of the Sandinista revolution in Nicaragua, such as Alforja (a network of institutes developing methods for popular education) which played a key role in the Nicaraguan literacy campaign, and CRIES, a regional network of research institutes, founded in 1981. Continuing the intellectual work of CSUCA (the older academic network) CRIES contracted international researchers to analyse the regional crisis and to develop alternative socio-economic policies for the region. These networks seldom organised a membership base and were all actually coalitions of specialised service-delivery NGOs. The exception was CCC-CA, a continental network of cooperatives, whose
Central American section was chaired by the Nicaraguan small farmers' association UNAG.74

The second group of regional networks was founded in the period 1988-89, in the aftermath of the 1987 Esquipulas peace agreement. As was explained earlier, this agreement marked the formal start of the regional peace process, generating new political space for a variety of national and regional civil society associations. The need for better coordination was reflected in the formation of national networks of development NGOs rejecting aid interference, such as CIPDES in El Salvador and COINDE in Guatemala. Their activities often coincided with coordination efforts at a regional level between NGO networks such as CODEHUCA, Alforja and the Latin American NGO network ALOP. This increased coordination between national and regional NGO networks spurred the formation of the Central American Coalition of Development Organisations (CCOD, 1988, also known as Concertación) in which national NGO coalitions participated, as well as most of the earlier established NGO networks (CRIES, CODEHUCA, Alforja, CELADEC, ALOP). This new regional NGO coordinating body started lobbying bilateral and multilateral donors to get them to support democratic transitions and initiate programmes to combat social inequality.75 In the years following 'Esquipulas' also a number of regional coalitions of membership organisations were formed such as CTCA (social democratic trade unions), COCENTRA (radical trade unions), UPROCAFE (small coffee growers), CONCAPE (small and medium business associations) and FCOC (slum dwellers' associations). In 1989, after development NGOs became involved in the CIREFCA process, a start was made to create ARMIF, a regional coalition of NGOs involved in the resettlement of refugees and the displaced (Pacheco and Sarti 1991; Garcia et al. 1994).

The third cluster of regional networks emerged after 1990, when the Nicaraguan elections and the Salvadorean peace negotiations contributed to a climate of depolarisation. A symbolic moment was the presidential summit in Antigua (June 1990) in which political discussions for the first time were dominated by economic issues. The presidents agreed to revive the regional integration process with the formation of the System of Central American Integration (SICA), which would start in 1993. Despite presidential rhetoric, civil society sectors had not been involved in the conception of SICA with the exception of FEDEPRICAP, the regional network of (large) business associations. This was one of the reasons for small farmers' associations in 1991 to found ASOCODE, the Central American Association of Small and Medium Agricultural Producers. ASOCODE would become one of the most dynamic regional civil society coalitions and was a driving force for the formation of an umbrella organisation of most of the regional networks previously mentioned, the Civil Initiative for Central American Integration (ICIC), which is further examined in Chapter 6.

European private aid agencies had several reasons for supporting these three 'generations' of regional civil society networks. A key reason was that their partners in Central America, it was thought, would benefit from closer coordination at a
The previous overview underscores that in the last phase of early democratic transitions European and Canadian private aid agencies were key providers of aid resources for organisations in civil society linked to the opposition. They provided valuable 'transnational political space' to those groups that had been locally isolated and marginalised by their governments. This was particularly important for the large number of refugees and internally displaced, whose improved level of organisation was essential for reintegration into civil society. Based on a review of reintegration policies by CIREFCA and PRODERE, Stein (1997: 173) remarks that 'international assistance, which was primarily sought and defined in economic terms, had mostly a positive political impact by increasing political space and expanding civil society. [...] These beneficial impacts were not the primary goal of international assistance, but instead resulted from implementation practices of consensus building and impartiality that encouraged reconciliation.' Basically the same argument could be used for private aid agency policies: support to the uprooted and persecuted was primarily seen as a form of emergency assistance, which would later shift to more structural development aid after the installation of civilian governments and the signing of the regional Esquipulas peace agreement. Support to oppositional forces essentially was a way for private aid agencies to counterbalance US counter-insurgency programmes, which obstructed peace negotiations and democratic transitions. That civil society was strengthened was merely a by-product of this support, and in the 1980s was nowhere phrased as a deliberate policy, but only referred to in terms of 'survival' and 'empowerment'. Only after 1990, when El Salvador and Honduras had entered mid-transition stages, would private aid agencies pursue civil society building as explicit policy. But by that time they would no longer be the exclusive owners of this discourse.
The political watershed of 1989-90 and the end of solidarity aid

The end of the Cold War, as it was unfolding in the last quarter of 1989, accelerated the speed of democratic transitions in Central America as was shown in the previous chapter. However, a closer look at developments in the region indicates that between October 1989 (when peace talks between the FMLN and the government stalled) and April 1990 (when these talks were restarted) a 'political watershed' occurred which cannot be completely explained by the end of the Cold War. Suddenly, the political climate in Central America shifted in these seven months from civil war to peace negotiations, from revolutionary armed struggle to institutional political participation, and from US foreign policy priority to low key international attention. Several developments were responsible for this shift: the November FMLN offensive in El Salvador (showing that none of the parties could win the war with military force), the assassination of the Jesuits (making the US government reluctant to continue supporting the Salvadorean armed forces), the US invasion in Panama (reaffirming US supremacy in the region) and the electoral defeat of the FSLN in February 1990 (marking the definitive end of revolutionary strategies in Central America). By April 1990 peace negotiations had been started by the FMLN and the URNG, and the contras in Honduras had been demobilised.

This political watershed marked the start of a new stage in the democratic transitions of El Salvador and Honduras (from early to mid-transition) while in Guatemala the start of mid-transition was delayed until peace talks would gain momentum in 1994. These fundamental changes in the region also affected the policies of European private aid agencies towards Central America, although this only became visible after 1992. The following section examines these (gradual) policy shifts in three steps. The first part analyses what was really new in private aid policies in the 1990s, and to what extent these policies changed as a result of developments in Central America or as a result of 'external influences'. The second part looks at the implementation of these policies in the three countries under review. Here the key question is if (and how) policies aimed at civil society building underwent (fundamental) changes. In the last part, an assessment is made of the relevance of European private aid agencies in Central America’s post-Cold War and post-civil war political setting, particularly during 'mid-transitions'.

From political survival to economic development

Except for sudden emergency situations, aid agencies tend to react rather slowly to new circumstances: only a few years after the political watershed in the region, adaptations in private aid policies towards Central America were becoming visible. Although the level of private foreign aid to the region remained stable until the mid-1990s, private aid flows to Honduras began to decrease after 1990 and to El Salvador after 1991, while the funding to Guatemala started to increase in 1992. Looking at the democratic transition stages of these countries (see Tables 4.1, 4.2 and 4.3) reveals that private aid flows tended to be largest during the last phase...
of early transitions. In terms of policy priorities a gradual shift occurred in the early 1990s from what an agency representative called ‘criteria of political relevance towards criteria of economic relevance’. Consequently, counterparts of private aid agencies in the region were now confronted with tighter criteria regarding reporting, internal management and evaluation methods, in addition to demands for transparency, more quantifiable results and methods to decrease aid dependency. Although it was obvious that the region was evolving from a high priority area for ‘emergency aid’ towards a low priority region for ‘development aid’, counterparts were surprised by these new criteria, even in Guatemala where private aid increased after 1992. It generated confusion about the new ‘political agenda’ of private aid agencies and fuelled the concern that the ‘era of solidarity aid’ had ended with the electoral defeat of the Sandinista government and the (approaching) end of the Salvadorean civil war. This concern was reinforced by signs in the early 1990s that the Central American solidarity movement in the North was losing its momentum.

Although variations existed among European private aid agencies concerning the new policy criteria towards the region, the general tendency of their revisions were remarkably common. New criteria for supporting local projects focused on gender and environmental sustainability and prioritised support for activities that were aimed at generating income. These so-called ‘productive projects’, often with a substantial component of credits in combination with technical training, had become more important in the late 1980s and gradually replaced support for activities aimed at political survival. Instead of popular education and institutional support as methods for strengthening organisations in civil society, support shifted to management training and methods to strengthen the productive capacity of organisations in order to increase their likelihood of economic sustainability. Most private aid agencies recognised that the gradual end to civil warfare and the slow start of demilitarising rural areas demanded a shift from the short-term provision of (politically biased) emergency assistance to structural development aid which would generate prospects for diminishing aid dependency in the long run. A stronger local presence of agency representatives and the use of technical consultants in the field was considered to be a logical consequence of this shift, which was particularly visible in El Salvador and (after 1993) in Guatemala where private aid agencies had been confronted with hostility by the authorities throughout the 1980s.

This change of emphasis was further accompanied by stricter requirements for internal management and financial administration in order to increase the level of professionalism of local partner organisations. Staff often perceived this as increased control by private aid agencies over their work. In the 1980s it was not exceptional when a share of foreign donations was transferred to revolutionary organisations; the agencies usually tolerated this as long as the funds were not used for purchasing arms. This acceptance of semi-legal practices was inevitable during the war, but in the early 1990s funders required legalisation of organisations, transparent procedures and external audits. In addition to efficiency and professionalism,
private aid agencies also demanded more (and more visible) results of their aid interventions. To increase their effectiveness and generate tangible impact, local organisations in Central America were trained in the systematic application of new methods for project planning, monitoring and evaluation. Although these new criteria and procedures were not rejected, many organisations were reluctant to accommodate to this new culture of efficiency and effectiveness which was seen as ‘externally imposed’.82

Another change in private aid policies was increased concern for internal democracy and downward accountability of organisations in civil society, basically requiring a revision of the relations between service-delivery NGOs and grassroots organisations. The issue centred around a redefinition of the role of development NGOs, which were increasingly pressured by neoliberal policies to substitute for (privatised) governmental services, while on the other hand their legitimacy as representatives of the poor was being questioned by newly emerging membership organisations in civil society. In the post-war climate of broadening political space many Central American development NGOs that had served during the 1980s as legal shields for the opposition were entering an existential crisis. They were forced to make a shift from supplying services to popular organisations to a situation in which these popular organisations were actively involved in defining their own needs.83 This required according to some private aid agencies more transparency in policy-making, better coordination among NGOs and a more professional attitude, conducive to becoming an actor in the market instead of being an autonomous actor in civil society.84 Other agencies preferred a more participatory role of development NGOs in civil society, in which relationships with popular organisations would become more interwoven, for example by demanding membership contributions to pay for the delivery of services. Most agencies agreed that the traditional clientelistic relationships between NGOs and political parties had been undesirable and required revision, as they impeded the construction of autonomous organisations in civil society.

The shift from political criteria that were concerned with supporting organisations of subordinate sectors in civil society in the 1980s to an emphasis on economic criteria in the 1990s can be explained by a combination of factors. First of all, the end of the ‘revolutionary option’ in Central America had unleashed a crisis of perspective, for the Central American partners as well as for the European private aid agencies who had supported them. This process had started in 1987, when recognising the legality of elected governments was designated as the core of the Esquipulas agreement, automatically delegitimising armed revolutionary (and counter-revolutionary) struggles (Sarti 1991a). Consequently, implicit ideological criteria were losing their meaning and the ‘tacit consensus’ seemed to vanish, also because these criteria often had been applied by individual agency representatives on the basis of personal friendship. But the changing political context in Central America also spurred changes in the composition of private aid agency staff, as many who had been active in these agencies since the early 1980s returned to
Europe or were transferred to other regions. It also implied that private aid agencies had to discuss new strategic priorities for the region, leading to adaptations of previous policies, if they existed at all. Surprisingly, three quarters of the agencies visited for this research admitted that they had no written policy documents for Central America throughout the 1980s. Aid allocations were often a reaction to short-term needs and based on personal judgements. Whereas one of the main policies in the 1980s had been to empower ‘popular movements’ – an all-purpose concept to identify the combined opposition forces to social exclusion and political repression – the policy documents of the 1990s would prioritise support for ‘strengthening civil society’.

If the actual practice of the 1980s had become part of ‘new’ strategies in the 1990s, were these shifts in agency criteria after all only rhetorical? This can be doubted, for the new private aid policies also were influenced by the global trend toward market-oriented strategies that had entered the discourse of official donors in the late 1980s. Requirements for more efficiency and output-oriented methodologies were the product of a new wind blowing through the (private) aid sector, as was demonstrated in Chapter 2. A greater role for the market and a reduced but more efficient state apparatus offered new (and less politicised) opportunities for local development NGOs. This was further stimulated by the growth of multilateral aid flows to Central America of which the share directed toward social compensation funds – to counter impoverishment generated by structural adjustment programmes – was increasingly handled by local development NGOs. The World Bank, for example, increasingly involved local NGOs in the implementation of their programmes. Initially, only the AID-funded NGOs participated in these social compensation funds, but soon also the historic NGOs supported by European private aid agencies were accepting this type of funding. This trend of ‘direct funding’ also was employed by bilateral official donors who no longer needed to rely on private aid channels to support organisations in civil society. Several private aid agencies therefore became concerned about their function as traditional supporters of ‘inclusive’ civil society building in the post-war setting. This was further exacerbated by the drastic reduction of AID funding to Central America and increased funding by the European Union to sectors that had been traditionally supported by private aid agencies, who in turn also faced stricter requirements regarding efficiency and effectiveness by their own governments on which they financially depended.

The result was that private aid agencies entered a period of uncertainty about their future strategies in Central America, especially apparent after the 1992 peace accords in El Salvador, which generated serious internal discussion and reflection on their work in previous years. A conclusion reached through these discussions was that better coordination among private aid agencies in the region would increase the prospects for improving their results. Lack of agency coordination in the past often negatively impacted on the performance of Central American partners, who were also urged to coordinate better among themselves. Coordination also was
required for effective lobbying activities in the North, particularly towards European governments and the European Union, to maintain funding levels to the region and to influence their agenda setting. Another result of this internal reflection was that private aid agencies became conscious of the need to rethink their comparative advantages vis-à-vis bilateral and multilateral agencies promoting neoliberal economic strategies. The problem was, however, that many of them also were directly dependent upon these official aid resources and were feeling the pressure to increase agency efficiency by giving more aid to fewer counterparts. This would have problematic consequences for the sustainability and the accountability of Central American counterparts, to which I will return in the next chapter.

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**European private aid policies during mid-transitions**

Despite this newly emerging policy agenda, the 'old priorities' still prevailed in the early 1990s. Private aid flows to El Salvador would reach a peak with support to repopulated communities, the social reintegration of ex-guerrillas, and capacity building of membership organisations and coalitions such as UNTS and CPDN. Since the late 1980s, however, the boom in multilateral funding has gradually come to interfere with private aid policies. Large multilateral aid programmes such as CIREFCA and PRODERE, aimed at the uprooted population, became a more important source of income for local development NGOs working with refugees and the displaced than private aid funding. In addition to that, (bilateral and multilateral) funding from the European Union grew steadily in the early 1990s so that Europe became the largest provider of development aid to Central America in 1993, also because AID funding was drastically reduced in the same year (see Table 5.1); Central America would become the largest per capita recipient of official development aid from the EU in the world (E. Hansen 1996).

But more important was the qualitative difference between AID and EU funding, as the latter channelled substantial support to subordinate sectors in civil society and to governmental human rights programmes. AID and the Inter-American Development Bank (IDB) also attempted to strengthen civil society by providing support to service-delivery NGOs, although accompanied by a neoliberal discourse about strengthening the business sector and privatising state services. As a result, official (particularly EU) aid resources started to become a significant source of (additional) income for organisations traditionally supported by European private aid agencies, whose relevance as aid providers thus would considerably diminish in the 1990s. The consequences for the three countries under review are examined below.

In Honduras this tendency was visible for example in the role played by the new official Human Rights Ombudsman – largely financed by the EU – who in 1993 pushed the sensitive issue of the forced disappearances onto the political agenda. As will be demonstrated in the next chapter, this governmental human rights office gradually took over some of the tasks of the non-governmental human rights committee CODEH. Another recipient of European multilateral funding was the
Table 5.1 Official development assistance to Central America* (1985-95) (in US$ million committed)

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* Includes Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama
b Includes Norway, Portugal, Ireland, Luxemburg, Switzerland, Australia, New Zealand and Canada
c Total Official Development Assistance from DAC member countries of the OECD
d Includes funding from all multilateral organisations (including the EU) and the Arab countries

Sources: IRELA (1994b); Hansen (1997)

social compensation fund FHIS, for which the Callejas government tried to set up a liaison committee for local development NGOs. However, the organisations feared that this committee would be used as a tool to control European private aid flows, and rejected the proposal (Mangelschots and Ventura 1994). In general, the historic Honduran NGO sector remained weak and divided and was unable to develop a collective identity (Caballero and Salomon 1996). Added to the serious internal struggles in the peasant movement (leading to a split between CNC and COCOCH in 1990) and a prevailing culture of corruption, co-optation and clientelism by leaders of popular organisations, several European private aid agencies seriously considered in the mid-1990s closing down their Honduran programmes.94

Despite the reduction of private aid to Honduras, two civil society sectors supported by European private aid agencies blossomed in the period of mid-transition: women’s groups and organisations of indigenous people, who often worked together with human rights groups. Due to their autonomy from political parties and the government, these organisations often managed to combine social
mobilisation in civil society with constructive dialogue with the government. Although they needed to increase membership participation to improve internal accountability, European private aid agencies appeared to be willing to continue their support to these new organisations, next to their traditional support for community development in rural areas (Wils et al. 1992; Sparre 1996). But the problem that Honduran organisations were least active in regional civil society networks persisted, with the exception of the trade unions (COCENTRA) and the peasant organisations (ASOCODE). Therefore, they were often disconnected from relevant development policy discussions in the region, such as on the issue of collaboration with state institutions or on the search for alternative sources of income. This relative isolation was further exacerbated by the low presence of European aid agency representatives in Honduras and by the absence of new actors in political society that were able to challenge the bipartisan and corrupt political system. Despite extreme poverty figures, the gloomy outlook for social change further marginalised Honduras on European private aid priority lists.

El Salvador was the main recipient of European private aid in Central America, particularly during the peace negotiations of 1990-91. Several agencies moved their offices from Managua to San Salvador to monitor growing aid flows, especially those that were aimed at the resettlements in former conflict zones. Large amounts of multilateral funding from the CIREFCA programme complemented the booming budgets of local development NGOs working with the uprooted population. Due to the enlarged presence of private aid staff in El Salvador and improved access to rural areas, private aid agencies also started to realise that the work of many beneficiary organisations needed critical assessment. Salvadoran development NGOs appeared to be weakened by competition for funding, lacked good planning and evaluation systems, and their relations with intended beneficiaries were often not very transparent or democratic (Alvarez and Martin 1992). During the war, donor-recipient relationships had been based largely on mutual trust, but with the peace accords approaching this was changing. It became clear to many agencies that historic NGO agendas often had been donor-driven and had been determined by a limited group of individuals on the basis of personal relationships. The rapid growth of budgets had not automatically contributed to strengthening the institutional capacity of local organisations (Jäger 1996). Due to the competition for funding, Salvadoran development NGOs linked to the opposition apparently had responded more to Northern donor agendas than to local demands (Alvarez and Martin 1992).

Meanwhile, private aid agencies wanted to prevent Salvadoran counterparts from being excluded from the implementation of the post-war National Reconstruction Plan (PRN), for which bilateral and multilateral donors provided over US$ 1.6 billion (Boyce 1995). The problem was twofold. On the one hand the government was reluctant to channel this funding through the historic NGOs, which they considered politically dependent upon the FMLN and which lacked the administrative capacity to implement large development programmes. The historic NGOs on
the other hand were unwilling to work directly with the Salvadorean government, as the implementation of the PRN was controlled by organisations responsible for rural counter-insurgency operations during the war (O’Brien and Catenacci 1996). This problem had already surfaced during the peace negotiations, when the historic NGOs in CIPRES refused to work with the Salvadorean Social Compensation Fund (FIS), a governmental fund mainly aimed at improving infrastructure at the municipal level which was not responding to local needs (Van der Borgh 1997). Due to international pressure the government promised that development NGOs would have a larger role in the implementation of the National Reconstruction Plan, starting in 1992, for which over thirty percent of funding was to be channelled through non-governmental agencies. However, the historic NGOs only received a minor share of these resources as the government preferred to work with private sector NGOs and operational US private aid agencies who were loyal to the government (Murray et al. 1994). Indirectly, through UNDP and Catholic Relief Services, the (historic) NGOs linked to the opposition – including the Fundación 16 de enero which was created by the FMLN to accompany the reintegration of ex-combatants – still managed to channel some reconstruction funding to former conflict zones. European private aid agencies were not directly involved in PRN, but provided important complementary support to the historic NGOs and popular organisations working in these zones.

With European private aid flows reaching record levels, the level of funding probably should have been the lowest concern for the historic NGOs, but it was not. In addition, major weaknesses were their inability to engage in constructive partnerships with public sector institutions, their poor institutional and administrative capacity and the absence of participatory planning and decision-making towards local communities. In fact, the historic NGOs financed by European private aid agencies took little advantage of the post-war environment of reconciliation and reconstruction, although they were best placed to contribute to participatory development at the municipal level with public reconstruction funds. According to Sollis (1995: 537) this can be explained by their dependence on external resources, which ‘acted as a disincentive to NGOs that seek access to national public resources’, and a lack of clear development objectives in the new political setting. Several European agencies recognised this dependency on (private) foreign aid and encouraged a process of ‘conversion’ of historic NGOs to better serve the needs of local communities, although this turned out to be a ‘complex and painful process of change’ (Murray et al. 1994). A survey among eighty Salvadorean development NGOs in 1994 found that only five of them had managed to achieve a high degree of participation by beneficiaries of their projects (Foley et al. 1995). This low figure possibly was spurred by scepticism on the part of beneficiaries, who had become apathetic due to ‘assistancealist’ development projects. But it was, according to Foley (1996: 93), certainly also political rivalry and manipulation that were reinforcing polarisation in civil society rather than contributing to national conciliation. It underscored that, despite ‘accompaniment’, ‘bottom-up’ approaches of civil
society building under certain conditions turned out to have 'top-down' characteristics, such as low levels of participation, the absence of downward accountability and little prospect for sustainability.  

To stimulate conversion of the Salvadorean historic NGOs, European private aid agencies urged them during the stage of mid-transition to actively engage in policy advocacy directed at national and local governments. Some agencies provided special training programmes in advocacy methods, which were a radical break with the confrontational methods of the war years. All factions of the FMLN also established policy research institutes in order to develop policy proposals in the wake of the 1994 elections (although this was also in response to new private foreign aid agendas). In addition, special NGOs were established to initiate programmes for civic education to mobilise voter turnout at these elections, in which the FMLN would participate for the first time. Instrumental links between many historic NGOs and the FMLN became more controversial after the elections, when the party split up into two factions. The tendency led by ERP leader Villalobos founded the Democratic Party (PD) and forged a temporary pact with ARENA. In 1995 it even supported a governmental plan to regulate private foreign aid flows with the purpose of controlling the NGO sector. The plan evoked criticism from both historic and private sector NGOs and showed that Salvadorean development NGOs during the stage of late transition indeed were becoming more autonomous from the political parties that had used them as key instruments until the elections (Murray 1995; Spence et al. 1997). Sharp criticism from many civil society sectors (both from the left and the right) about the elitist character of political parties and their corrupted leaders was also an indication that democratic transition was advancing slowly. Guido Béjar (1995) even suggests that increased popular mobilisation can become a new threat to the system if political society fails to perform its intermediary role between the state and civil society.

Private aid flows during Guatemala’s stage of mid-transition showed many similarities to El Salvador, although occurring several years later. The failed coup attempt by President Serrano in May 1993 was a decisive moment for democratic transition in Guatemala, comparable to the November 1989 offensive in El Salvador. Shortly after the coup attempt, broad coalitions in civil society joined forces in the National Consensus Body (INC) to call for a negotiated end to the civil war. The INC laid the basis for the creation in 1994 of the Civil Society Assembly (ASC). As was shown in the previous chapter, the coup altered the political balance in Guatemala in favour of civil society and created conditions for the final round of peace negotiations in early 1994, marking the start of mid-transition. European private aid agencies played an important role in this period by lobbying the international community together with Guatemalan human rights organisations to advocate a return to constitutional rule and to resume the peace negotiations. Most organisations active in the ASC received direct support from European private aid agencies, although these Guatemalan counterparts (like in El Salvador) also were confronted with stricter criteria by private aid agencies. The difference was that
Guatemalan organisations experienced these adaptations prior to the peace negotiations. After all, when Guatemala's mid-transition was initiated in 1994, Honduras and El Salvador were already moving into the stage of late democratic transition.

After 1993, strengthening civil society – in particular the most vulnerable sectors such as women's organisations and indigenous communities – became a priority issue for private aid agencies in Guatemala, even if this had been a de facto policy already since the late 1980s. The difference was that the role of intermediary development NGOs in civil society building was increasingly questioned in the mid-1990s. Large flows of private aid had been channelled with few conditions through these historic NGOs to rural communities, in which support was based on personal relationships and mutual confidence. There had been little control over the use of these funds, nor was it possible to evaluate their results. Although even more 'tacitly' than in El Salvador, part of this aid had been channelled to the armed opposition, which was facilitated by the absence of transparent bookkeeping and a lack of internal accountability (Umana et al. 1996). But verticalist structures and undemocratic practices, in addition to a lack of professional capacity inside development NGOs, started to be an issue of concern for private aid agencies. It forced Guatemala's historic NGOs (as the main recipients of European private aid) to review past practices and to improve working methods and internal organisation structures. They gradually became convinced of the need for (sometimes radical) changes 'to realise more impact with fewer resources' (Garoz et al. 1996: 195).

One of these necessary changes for the historic NGOs was to develop a closer relationship with Guatemalan state institutions, especially at the level of municipalities, although considerable mutual distrust had to be overcome. Since 1989 the AID-funded NGO network ASINDES had been involved in governmental plans, stimulated by the World Bank, to create a Guatemalan Social Investment Fund (FIS). However, the fund was only formally established in 1993 due to political discussions about its focus and critique by ASINDES over the lack of NGO influence on the policy-making process (Garst 1993). Meanwhile, a special National Peace Fund (FONAPAZ) had been created by the Serrano government in 1991 in anticipation of external aid flows aimed at post-war reconstruction. FONAPAZ was particularly meant to coordinate social programmes for the uprooted population in (former) conflict zones, implemented either by municipal and national government institutions or by NGOs, and to exercise greater governmental control over external aid flows to these areas. Apparently, the historic NGOs working with the uprooted considered FONAPAZ as a governmental instrument for political propaganda and refused to collaborate in order not to be identified with the government and the armed forces. This attitude was changing in 1993, when ASINDES, COINDE and three other NGO coalitions decided to set up the Forum of NGO Coalitions to work out joint proposals for NGO-government collaboration, particularly in the framework of the more autonomous FIS. This shift towards increased policy advocacy also was visible in the active role this NGO forum took in the ASC during the peace negotiations.
Another development that forced Guatemalan NGOs to adapt their strategies was the growth of independent popular organisations in civil society, particularly among the Indian population. As will be seen in Chapter 6, the new political space after 1993 was efficiently used by several coalitions of Maya organisations who during the peace talks advocated a long-term solution to the political, cultural and socio-economic marginalisation of the Indian majority. The historic NGOs thus had to change their role as intermediaries for foreign aid and the moral representatives of marginalised groups towards becoming professional service-delivery organisations responding to the criteria and priorities of organised sectors in civil society. It implied a shift of emphasis from upward accountability to donors towards downward accountability to beneficiaries. Simultaneously, donor agencies wanted to prevent the conversion of popular organisations into institutions essentially performing an intermediary role as service providers; the quality criteria for civil society building strategies (diversity, internal democracy, mutual coordination) apparently became more important than simply increasing the number and size of organisations (Umana et al. 1996).

Consequently, during the peace negotiations, several European private aid agencies decided to phase out their support to the ‘traditional’ opposition-related organisations, such as GAM, CONAVIGUA and CONFREGUA. The focus shifted towards supporting newly emerging popular organisations and to the local comités cívicos which put up (Indian) candidates for the 1995 municipal elections. Indirect support also was given to the new progressive opposition party FDNG, which would gain several seats in parliament, most of them going to popular leaders of organisations such as GAM and CONAVIGUA that had been supported by European private aid agencies since the mid 1980s. Still, the major part of private foreign aid during the stage of mid-transition was allocated to human rights organisations, resettlement of refugees and the displaced, rural community development programmes and (more generally) to activities related to the peace process. The increased role of multilateral funding agencies (IDB, UNDP, EU, World Bank) and the allocation of bilateral funding to activities traditionally supported by private aid agencies, forced the latter to rethink their aid policies for the post-war setting in Guatemala. Based on the Salvadorean experience, it was expected that the final peace agreement of 1996 would generate huge flows of external (official) aid for reconstruction programmes. But the post-war donations for reconstruction aid turned out to be far less than had been hoped (Spence et al. 1998). With the last civil war in Central America concluded, the region definitely had lost the preferential status of the international donor community.

Compatibility between official and private aid

The prominent role of European private aid agencies during Central America’s early transitions of the late 1980s thus appeared to be seriously limited during mid-transitions by the overwhelming bilateral and multilateral aid flows that accompanied post-war reconstruction programmes. But private aid agencies also were
constrained by their own shifts in policy priorities and project implementation requirements emerging in the 1990s. Their role in mounting international diplomatic pressure to reach successful peace agreements certainly was and continues to be important. But in terms of building organisational capacity in civil society, new multilateral programmes such as PRODERE have proven to be equally effective and demonstrate that this is no longer an exclusive role for private aid agencies (O'Brien and Catenacci 1996). The levels of European private aid funding remained considerable, especially on the eve of the 1994 Salvadorean elections (to contribute to a strong positioning of the FMLN in political society) and in the last phase of the Guatemalan peace negotiations. But given the difficult 'conversion' of Central America's historic NGOs to the post-war setting, which was also due to considerable dependency on private aid, the question arises whether private aid agencies still have a role to play in Central America's (incomplete) democratic transitions, or whether they have lost their comparative advantages to official aid agencies.

The practice of the late 1990s suggests that opposing visions exist concerning strategies to contribute to civil society building. The general view of multilateral agencies such as the World Bank and IDB is to give a prominent role to the market to combat poverty, to increase citizens' participation at local levels and to scale down the role of central governments while also trying to make them more efficient. The key actors that are supported in civil society are the private sector NGOs, which respond to market demands and are controlled by a small business elite which has a long tradition of exclusion. As Foley (1996) and others have pointed out, this is probably not leading to a healthy civil society and might even reawaken polarisation in a society based on social inequality. Despite the tendency towards depolarisation in civil society during the mid and late transition stages, in which it was no longer unusual for the historic NGOs to accept funding from AID, a top-down market-led development model could turn out to be incompatible with a more inclusive approach of civil society building in which the state plays a regulating role to guarantee more equal income distribution. This view is shared by a minority of official European donors, which have shown the willingness and the potential for counterbalancing the market-oriented approach. European private aid agencies thus could either choose to compete with these official donors, or to complement them by trying to guarantee that their governments pursue strategies aimed at supporting inclusive civil societies. Although private aid agencies in practice try to find a balance between these two options, it is unlikely that they will regain their prominent role in contributing to civil society building in Central America unless the situation deteriorates similar to what happened during the 1980s.
Agents of an informal diplomacy

It would be unfair to ignore the distinctions among European private aid agencies and the diversity of intervention strategies they have pursued during Central America's democratic transitions. The next chapter will highlight some of these dissimilarities in more detail on the basis of individual interventions. But as a category, European private aid agencies certainly have exhibited many commonalties. When they first arrived in Central America in the late 1970s, their emphasis was on emergency aid to provide relief for victims of natural disasters. It was essentially 'assistantialist' and did not directly contribute to longer term solutions to poverty and political repression. But having witnessed the magnitude of the social and political emergencies because of their presence in the disaster zones, many agencies decided to stay in the region and to work with local churches and church-related organisations. It was in this work that private aid agencies were confronted with the dominating presence of organisations linked to US counter-insurgency programmes. In this period several agencies established contacts with revolutionary organisations. After the Sandinista victory in 1979, a large number of private aid agencies and solidarity groups poured into Nicaragua to support the reconstruction of a war-torn society and to contribute to the ideals of an alternative development model that was socialist-inspired but economically independent from the Soviet bloc. Nicaragua became a laboratory for new participatory and human-centred development methodologies in a period of increasing private aid flows. The role for private aid agencies in these years, in which 'anything was possible', was to bear the 'solidarity banner' of a progressive constituency in Europe and Canada (and partly also in the United States), acting as a vanguard of a generation that had been politicised during the Vietnam War and consciously supported the anti-imperialist discourse of the Sandinistas with 'solidarity aid'. Due to the attention for Nicaragua, the political struggles in El Salvador and Guatemala soon also would receive international attention and direct support from a broad array of progressive constituencies.

Particularly during the first half of the 1980s, European private aid agencies provided a shield of protection to the persecuted opposition forces in Honduras, El Salvador and Guatemala. By supporting organisations in civil society (such as churches and human rights groups) that were able and willing to serve as legal shelters for groups that needed to hide from political repression, private aid agencies contributed to the temporary survival of the progressive opposition during the years of authoritarian rule and US low intensity warfare. When repression eased after the installation of civilian governments, newly emerging coalitions of popular organisations would broaden this shield-function to include organisations that had re-emerged from the underground. Tacitly, support for these alliances also implied (indirect) support for the struggles of revolutionary movements. After the Esquipulas peace agreement broadened political space for the opposition, the first groups of refugees (and part of the internally displaced populations) would return to the
zones of conflict in which new settlements had been constructed. These zones were generally controlled by revolutionary movements, which used a network of local development NGOs to acquire international resources for their struggle. In the new settlements the seeds for a new society were cultivated with active support from European private aid agencies. They actively contributed to incorporating marginalised sectors into civil society, particularly during the last years of early transitions: in El Salvador between 1984 and 1989, and in Guatemala between 1988 and 1993.

Throughout the Central American crisis many private aid agencies acted as agents of an 'informal diplomacy' by providing transnational political space for local organisations of the opposition in international fora such as the United Nations and the European Union. Although often operating with a 'megaphone' and seldom achieving legal status as observers or representatives, this international advocacy role was crucial in protecting the lives of local opposition leaders and returning refugees in areas dominated by the armed forces. This informal diplomacy also served to stimulate peace negotiations at an early stage and, in the early 1990s, to keep Central America on the agenda of the international donor community. European private aid agencies also were important as aid channels for those official donor agencies that were reluctant to directly support military-controlled regimes in the region. Private aid agencies often acted as 'scouts' for these official agencies and influenced their policy priorities after the region had become salonfähig for bilateral and multilateral interventions in the late 1980s. Due to European pressure, funds of CIRÉFCA (the special UN programme for refugees) were partly channelled through the historic NGOs. The downside of the scouting role was an unintended consequence: many traditional partners of European private aid agencies in the 1990s gradually started to receive bilateral and multilateral funding, seriously reducing the prominent role that private aid agencies had performed throughout the Central American crisis. What they effectively have achieved with their civil society building interventions will be examined in the next chapter.