

**Regional Plan for Investment in the  
Environment and Health for Latin  
America and the Caribbean:**

**A Strategy for Alleviating Accumulated Deficiencies,  
Reorienting the Sectors and Fostering  
Donor Coordination**

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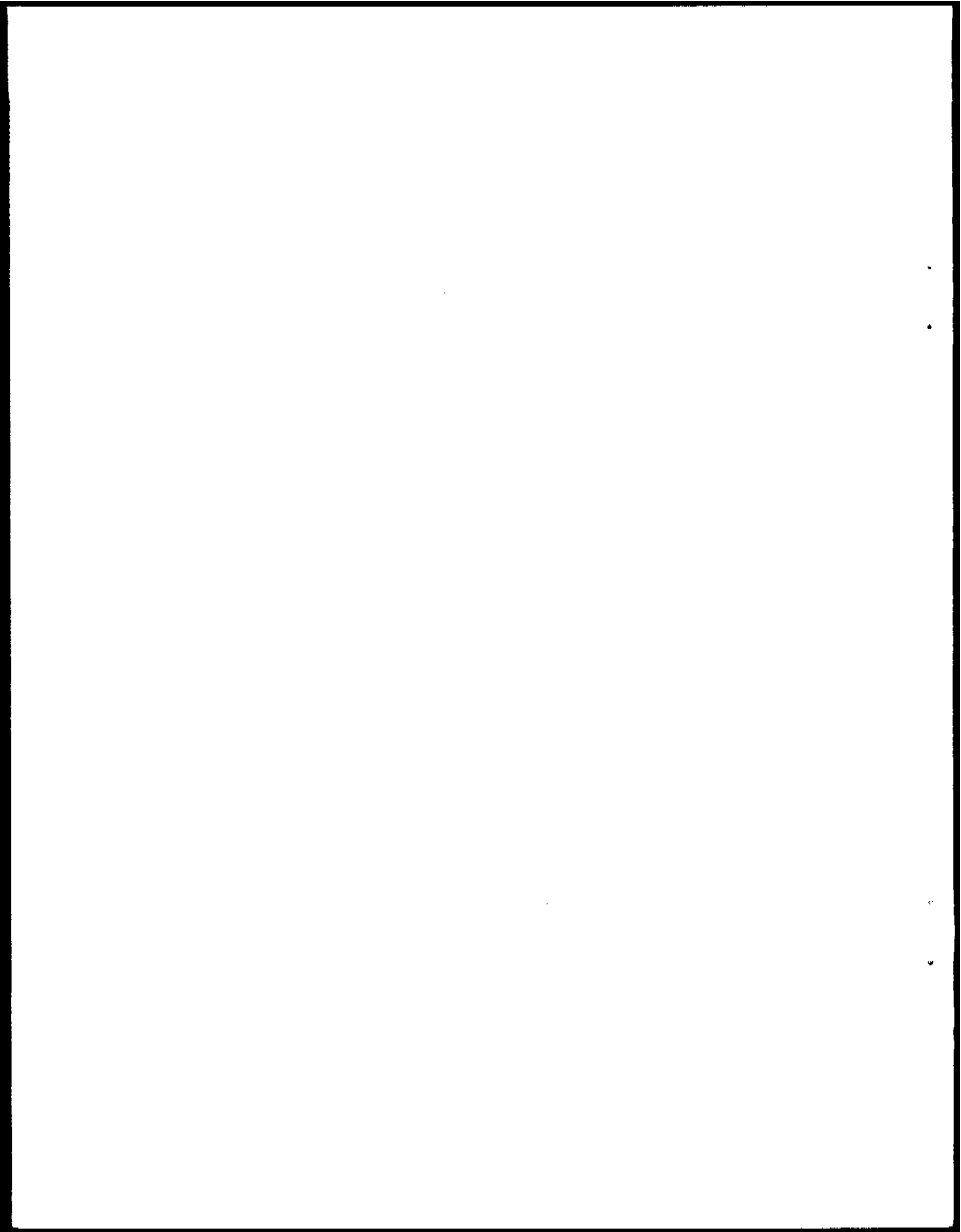
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Regional Plan for  
**Investment**  
in the Environment and Health



Pan American Health Organization  
World Health Organization



**THE REGIONAL PLAN FOR INVESTMENT IN THE ENVIRONMENT AND  
HEALTH FOR LATIN AMERICA AND THE CARIBBEAN:**  
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**1. BACKGROUND**

**1.1 The Reduction of Investment in the Environment and Health in Latin America and the Caribbean during the 1980s**

The social consequences of the economic crisis of the 1980s have led to increased inequality and poverty in most of the countries of Latin America and the Caribbean, and the situation has been exacerbated by explosive population growth. At the same time, a reduction of spending in the social sectors during recent years has increased the deficiencies in basic infrastructure and public services, and, as a result, the essential needs of large sectors of the population have continued to go unmet.

The economic stagnation that occurred during the 1980s brought growth in Latin America and the Caribbean to a halt. Average per capita income in the Region declined, and the situation was even further aggravated by spending cuts in the social sectors. Whereas during the 1960s and 1970s public and private spending on social services had been growing at an average annual rate of 5%, during the 1980s it remained stationary. In several countries spending on health actually decreased, first in the area of investment in infrastructure and then in operational areas such as salaries and supplies. Meanwhile, the population continued to grow at a rate of 2.2% per year.

In practical terms, the result was a real decline in social services, which coincided with a downward trend in the purchasing power of broad sectors of the population. Gross domestic investment, both public and private, plummeted during the 1980s, dropping from annual growth rates of 7.4% during the two preceding decades to a negative rate, which represented an average annual decrease of 3.2%.<sup>1</sup>

As a result of stabilization and structural adjustment measures implemented in the countries of Latin America and the Caribbean during the decade of the 80s, total public sector spending vis-à-vis GDP--which was already lower--began to decline further. Even more marked during that period was the contraction of public investment, which tended to decrease as a proportion of overall public sector spending, particularly in the social areas. This has signified a real reduction in investment in human capital in the Region during the last decade, which in turn has limited response capacity in the area of health and environmental sanitation.

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<sup>1</sup> Inter-American Development Bank. Economic and Social Progress in Latin America, 1990.

One of the repercussions of this situation has been a reduction in investment for drinking water supply and basic sanitation and for the replacement, maintenance, and conservation of the equipment and physical plant of health services. In addition, it has been impossible to maintain an adequate level of current spending, which has impeded the normal operation of programs aimed at addressing prevalent problems and has restricted administrative development and the training of personnel for the sector. Moreover, resources for health and drinking water and environmental sanitation infrastructure have tended to be concentrated in large urban areas and have been available only on a selective basis or to those who had the ability to pay for them. This has left large segments of the rural and marginal urban population without coverage.

Recently, the international agencies devoted to the monitoring and analysis of economic development have detected signs of renewed growth in the economies of the Region, hopefully signaling a reversal of the trend toward stagnation of the past few years. This is a positive development and one which may mean that the worst of the crisis has passed. However, it is unlikely that this new economic growth by itself will be sufficient to offset all the inequalities and deficiencies that the crisis brought to a head.

## **1.2. Deficiencies Made Manifest by the Cholera Epidemic**

The increasing deterioration of socioeconomic conditions and the reductions and shortfalls in social investment and basic infrastructure, which have aggravated poverty and placed ever-larger segments of the population in dire straits, have created high-risk conditions that are conducive to the outbreak of virulent epidemics, such as the cholera epidemic, which has produced a state of emergency in a number of countries in the Region. Between January 1991 and December 1993 nearly 950,000 cases of cholera occurred. The epidemic has struck virtually all the countries of Latin America and has been responsible for almost 9,000 deaths in the affected countries. As a result of these same deteriorated conditions, by the end of the 1980s other diarrheal diseases were causing close to 130,000 deaths in children under 5 in the Region.

In order to cope with the health disaster produced by the cholera epidemic, a strategy involving short- and long-term interventions is needed. In the short term, emergency action has been required to ensure medical care, public information, epidemiological surveillance, strengthening of diagnostic and reference laboratories, food protection, disinfection of drinking water supplies, wastewater treatment, and proper disposal of excreta, so as to mitigate the effects of the disease in the affected countries. In this connection, PAHO/WHO, in coordination with national health institutions, has taken steps to develop short-term Emergency Plans for the Prevention and Control of Cholera in Latin America and the Caribbean.

However, the cholera epidemic has been, above all, a reminder of all the work that remains to be done in the long term in order to redress the profound cumulative deterioration

of health and environmental services and in order to bridge the widening gaps in coverage for a burgeoning population.

### **1.3 The Long-term Response: The Regional Plan for Investment in the Environment and Health for Latin America and the Caribbean**

With a view to gradually overcoming the enormous deficit that has built up in the areas of health service infrastructure, drinking water supply, quality assurance of the water supplied, and basic sanitation, the Pan American Health Organization has formulated the Regional Plan for Investment in the Environment and Health. Prepared in close consultation with the countries of the Region, the Plan identifies the investments that need to be made during the next twelve years in Latin America and the Caribbean in order to alleviate the deficiencies in this area that have accumulated over the decades.

Satisfaction of the huge spectrum of unmet needs would help considerably to improve the quality of life for broad sectors of the population. However, if these needs are to be met, a firm political commitment must be obtained from the countries of the Region in order to ensure that a steady flow of financial resources will be channeled into operating expenses and investment in drinking water, basic sanitation, and health services.

The Regional Plan for Investment in the Environment and Health is a Regional frame of reference designed to make it easier to determine, within each country of Latin America and the Caribbean, the investments that need to be made over the next twelve years in order both to compensate for the lack of adequate health and environmental services and to meet the mounting needs of a growing population.

As a part of the process of preparing this plan, an attempt has been made to quantify the basic needs for the expansion of coverage, as well as the rehabilitation and adaptation of the services, including both those relating to health care for individuals and those relating to environmental protection. In addition, an analysis of the technical and financial feasibility of the necessary investments has been undertaken.

The proposal is founded, basically, on the idea of channeling a sum of around \$US216 billion over a period of twelve years for investment throughout the Region. The Plan calls for 70% of this amount to be financed by national resources and 30% by contributions from external sources. This would suppose an annual allocation of public and private national resources in an amount equivalent to 0.8% of the gross domestic product of the Region for investment in the areas of environment and health--a level of investment which had been achieved during the 1970s before investments plunged in the 1980s. In addition, the Plan proposes the mobilization of concessionary and non-concessionary external funding in an amount of around \$US5 billion a year, which is the equivalent of 0.3% of the Regional GDP. The latter means that at least 20%

of the external resources channeled into the Region every year would be earmarked for investment in health services, drinking water, basic sanitation, and other environmental action.

The investments proposed under the Regional Plan are urgently needed in view of the fact that in Latin America and Caribbean 130 million people lack access to safe drinking water, 145 million do not have sanitary waste disposal systems, 300 million are continuously fouling waterways, 100 million have no access to refuse collection systems, and 160 million do not have permanent access to health services.

The principles that underlie the Regional Plan for Investment in the Environment and Health stress the role of investment as an instrument for reorienting the sectors that are the intended beneficiaries of that investment. Such a reorientation implies more than merely building new infrastructure. It is not a matter of replicating current systems but of introducing into them the qualitative and quantitative changes that will make it possible to ensure universal access to health and environmental services and to attain better health and living conditions for the peoples of Latin America and the Caribbean.

#### **1.4 The Process of Formulation of the Regional Plan for Investment in the Environment and Health**

The Pan American Health Organization took on the task of developing the Regional Plan for Investment in the Environment and Health pursuant to Resolution XVII of the XXXV Meeting of the Directing Council of PAHO and in response to the mandate issued by the Ibero-American Summit of Heads of State and Government, held in Guadalajara, Mexico, in July 1991. The participants at that meeting underscored the need to give more attention to alleviating the deficiencies in health services, drinking water supply, proper treatment of wastewater, and basic sanitation in the countries of the Region.

As a first step toward formulation of the proposal for the Regional Plan for Investment in the Environment and Health for Latin America and the Caribbean, the Director of the Pan American Sanitary Bureau initiated a process of consultation with the Office of the President of the Inter-American Development Bank and the office of the Regional Vice President for Latin America and the Caribbean of the World Bank, with a view to developing a strategy for the design and subsequent implementation of the Plan that would be fully articulated with the policies of both these multilateral lending institutions. Similarly, a constructive dialogue was sustained with other United Nations agencies, including the UNDP, ECLAC, and UNICEF, during the phase of preparing the contents of the Plan. In addition, the Ministers of Planning of Latin America and the Caribbean were informed of progress toward development of the proposal at their regular ILPES-sponsored meeting, held in March 1992.

At the XVIII Meeting of the Subcommittee on Planning and Programming of the Executive Committee of PAHO, held in April 1992, the Director submitted for consideration by the member countries a report describing the stage of development of the Regional Plan for Investment in the Environment and Health and proposing a preliminary outline of its contents. In his visits to the countries of the Region during 1991 and 1992, the Director of the Organization discussed the matter extensively with the Heads of State and Government and with national health authorities with a view to building the consensus needed in order to formulate the Plan.

Based on the suggestions made by the Subcommittee on Planning and Programming and in consultation with the countries of the Region and the multilateral lending institutions, steps were taken to finalize, in June 1992, the Regional Plan for Investment in the Environment and Health. This version was presented to the 109th Meeting of the Executive Committee, which in its Resolution XIII welcomed the proposal and supported the launching of actions leading to its implementation.

The Regional Plan for Investment in the Environment and Health for Latin America and the Caribbean, as well as a proposal for the creation of a Multilateral Fund of Voluntary Contributions for the Development of Preinvestment Activities for the Regional Plan, were included on the agenda of the II Ibero-American Summit of Heads of State and Government, which brought together the leaders of 19 member countries in Madrid, Spain, on 23-24 July 1992. Both proposals were presented at the Summit, following consultation with the Ministries of Health, Economics and Planning, Foreign Affairs, and Public Works, all of which will play a role in implementing the Plan.

The Document of Conclusions issued in Madrid on 24 July 1992 by the Ibero-American leaders expresses full support for the launching of the Regional Plan for Investment in the Environment and Health and its implementation in each country under the auspices of the Pan American Health Organization. That Document considers it a priority to apply a strategy at the Regional level in order to impede the spread of epidemics like that of cholera in the future and to prevent this and other diseases from becoming endemic. It also calls for the creation of the Multilateral Fund for Preinvestment Activities.

These expressions of political support from the highest levels, issued at the II Ibero-American Summit, make an important contribution to the consolidation of efforts in the countries of the Region to overcome the existing deficits in the areas of health and environment.

### **1.5 The Nature of the Plan**

The present Regional Plan for Investment should be understood as a strategy, a frame of reference, and a process.

It has become urgent to rebuild the deteriorated infrastructure and cover current deficits, while at the same time introducing substantial reforms into the systems, institutions, and services. In this urgent task, investment can play an extraordinary role if it is channeled into strategic actions aimed at bringing about the achievement of reforms and the introduction of vital elements of social policy in a context of economic crisis.

When investment does not take place within a process of fully justified and urgent reform, but rather is simply put into a set of projects, even if they are technically sound, unsatisfactory situations may be perpetuated and obstacles and resistance to necessary change may be strengthened.

As a strategy, the Plan it is intended to contribute to the achievement of indispensable reforms in the systems and services intended to ensure the protection and control of the environment and provide direct health care services for the population.

As a frame of reference, it suggests priority areas for investment; proposes the need to define criteria of quality, productivity and efficiency; and presents alternatives for action that will be more effective than in the past. The countries--in accordance with their individual realities, potentialities, and limitations--will utilize this frame of reference to formulate their own National Plans of Investment and develop specific projects.

The Regional Plan is also a frame of reference for the international cooperation organizations and agencies--multilateral and bilateral, public and private. Their participation in the future development of this proposal, mainly at the country level, will facilitate the technical assistance and external financing that the countries require.

As a process, it will operate basically at the country level. This proposal is only an initial step, however, which is intended to spur, promote, and facilitate future action.

In the drafting of this document, several broad guidelines for the reform of systems, institutions, and services have been continually borne in mind. These lines are: decentralization and social participation--which are indispensable for the development of local levels and the revamping of systems, from the peripheral levels to the intermediate and central levels--together with operational efficiency. On the basis of these lines, the document proposes a way of covering current deficits and of anticipating the needs that will arise as a result of population growth over the next twelve years.

The implementation of reforms begins with the effective integration of environmental protection and control activities with direct health care for the population. Through the actions of people--within their families, workplaces, and grass-roots organizations--this integration will come about naturally.

Given an effective process of transfer of information, knowledge, skills, instruments, means, and responsibilities, people can adopt new lifestyles and hygiene habits; select, conserve, and properly utilize their food; control the quality and disinfect their water and reduce their consumption thereof; minimize the unsanitary elimination of excreta and solid wastes in the places where they live and work; control vectors; monitor the growth and development of their children; prevent or promptly diagnose prevalent diseases; initiate simple, effective, and safe treatments; and refer cases or problems on a timely basis to institutional health care or water and sanitation services.

Consequently, priority is assigned to self-care and to health centers and posts, and the latter are given the maximum possible decision-making authority, but only following a substantial reorientation. Principal responsibility for the aforementioned process of transfer, as well as supervision and technical advisory services--both concerning the protection and control of the environment and environmental hazards and direct health care for the population--is shifted to the health posts and centers. Water supply and other sanitation services and hospitals provide support at more complex levels.

Hospitals are not overlooked because currently a very high percentage of the population has no access to them and because the benefits of extraordinary scientific and technological developments can be utilized to full advantage only in hospitals. Otherwise, there would be no equity or universality. In general, priority is given to the rehabilitation of existing infrastructure, and it is considered that any extension thereof, through new works, should be complementary.

The proposal takes into account the importance of choosing appropriate technologies for utilization in different areas and at different levels of complexity within the systems. Emphasis is placed on maintenance, cost containment and recovery, and measures and mechanisms that will lead to maximum operational, economic, and social efficiency.

From a social standpoint, priority is given to the groups that are neediest and at greatest risk: urban fringe populations, pockets of extreme poverty, and rural populations. In the same connection, special areas of investment are proposed with a view to promoting grass-roots organizations; addressing the needs of women, indigenous peoples, and workers in their working environment; and providing the initial impetus for dealing with certain endemic diseases that can be prevented or controlled.

High priority is also assigned to institutional development, since this is essential in order to create the conditions and facilities that will allow the revamping of institutions and services; the establishment of information systems; the development of national capacity to lead reform processes; the strengthening of operating capacities for the management of systems, institutions, and services; and the creation of suitable conditions for the development of National Plans of Investment and specific projects.

The Regional Plan presents a conceptual context in which health is the outcome of a complex variety of cultural, social, economic, and political factors. The magnitude and structural characteristics of the economic crisis affecting the countries of Latin America and Caribbean are also discussed.

Mention is made of the social and political hazards of economic growth that does not take into account the past accumulation of dangerous problems such as the increase in poverty and the accentuation of inequalities. It proposes the urgent need for firm political decisions on the part of the Governments and the need for these decisions, in turn, to be solidly and continually supported by the entire society at the national level.

A conceptualization of health care is presented based on the principles of decentralization and social participation. It is recognized that everyone has the right to health and that systems for the protection and control of the environment and the provision of direct health care are fundamental and priority components of well-being. At the same time, as promoters and protectors of human capital, they are important contributors to social development.

The Plan also points out the new responsibilities of the modern State, which is decentralized and participatory, divested of excessive bureaucracy and streamlined, and, above all, is sufficiently capable of fulfilling its role of guidance, leadership, and facilitation of processes that will lead to economic recovery and social development.

The Plan explains the orientations and priorities which, in keeping with the concepts have served as a basis for the formulation of this initial proposal and it is mentioned above.

Definitions are presented for the concepts of investment, infrastructure, preinvestment, institutional development, and health care. For purposes of the proposal, investments are considered to be the set of actions aimed mainly at strengthening national capacities, both for the preparation of plans and projects as well as for the achievement of maximum operational efficiency in the management, administration, and operation of systems, establishments, and services. Some of these actions are also aimed at gaining a better knowledge of the national reality, as well as the sectors and systems that have to do with health care. Others are related to the need for continually updated information or to the formulation, at the national level, of orientations for bringing about system reform. Still others are actions that are necessary in order to achieve stable and ongoing political support or in order to create or strengthen technical-managerial expertise at all levels. Consequently, the concept of infrastructure cannot continue to be limited to the physical sense. Human resources--certainly the most crucial of all production factors--and, to a certain extent, managerial technology--which allows for effective management of the other factors--are also part of infrastructure.

The chapter also explains the limitations of the information utilized and provides the sources of that information and the criteria utilized to obtain the estimates, projections, assumptions, and other referential elements that have served as a basis for the calculations.

Finally, it contains an important warning to the effect that the criteria utilized and the values calculated should not, under any circumstances, be interpreted as standards that are proposed as part of the Regional Plan. It is underscored that every country--depending on its own reality and each specific project, and taking into consideration its particular characteristics and circumstances--will need to develop and utilize different criteria and values.

The Plan is structured around six large components. For each component, subcomponents have been identified which correspond to priority areas of action. It is clarified that as a Regional Plan--i.e., as a strategy and frame of reference--the Plan covers a period of 12 years, from 1993 to 2004, but as national process, in the countries, it may go on indefinitely.

The total amount of investment for the six components, including financing costs, is on the order of US\$ 216.7 billion, based on the value of the dollar in 1990.

**TOTAL INVESTMENT BY COMPONENT  
 AND FINANCING COSTS**  
 (in billions of US\$, based on 1990 dollar value)

INVESTMENT COMPONENTS	AMOUNT	%
<b>TOTAL INVESTMENT</b>	<b>216.7</b>	<b>100</b>
1. ENVIRONMENT	114.83	53.0
Rehabilitation	16.23	7.5
Extension	98.6	45.5
2. DIRECT HEALTH CARE	64.48	29.7
Rehabilitation	16.97	7.8
Extension	47.51	21.9
3. PREINVESTMENT	1.2	0.6
4. INSTITUTIONAL DEVELOPMENT	4.96	2.3
5. SCIENCE AND TECHNOLOGY	1.62	0.75
6. SPECIAL AREAS	4.0	1.85
INTEREST COSTS <sup>1</sup>	25.61	11.8

<sup>1</sup> Includes interest costs for all components.

Three possible sources of financing have been considered: internal financing, including the private sector and possible schemes of self-financing and cost recovery; external financing, including multilateral, bilateral, public, and private financing, as well as concessional and non-concessional financing; and external debt conversion.

The Plan proposes a strategy of action, stressing that the Regional Plan for Investment should be the expression of a firm political commitment by the countries of Latin America and the Caribbean and that it is necessary to build broad-based political support in the countries for the reform of systems, institutions, and services and the development of National Plans of Investment.

It points out that the countries should take steps to implement the Regional Plan, initiating national processes as soon as possible. Sectoral analysis will be required for this purpose, as will the formulation of policies to guide the reform of systems and institutions, training activities, and the preparation of National Plans of Investment and concrete projects.

It will then be necessary to activate mechanisms that will ensure that this first phase is indeed carried out. For this to occur, an indispensable and urgent instrument is the creation of a "Preinvestment Fund for the Environment and Health" made up of multiple contributions from countries in the Region and donors outside the Region.

The chapter concludes by calling for the formation of an Support Alliance, which would include the organizations and agencies that provide international cooperation. Through such an alliance it would be possible to offer the countries the necessary technical assistance and to facilitate immediate financing for preinvestments, institutional development, and the investments under other components and subcomponents of the Regional Plan.

## **2. STRATEGIES FOR THE IMPLEMENTATION OF THE REGIONAL PLAN FOR INVESTMENT IN THE ENVIRONMENT AND HEALTH**

### **2.1 Introduction**

The Regional Plan for Investment in the Environment and Health seeks to bring about, in the next twelve years, a significant change in the reality that has evolved in the areas of health and the environment in Latin America and the Caribbean over the past few decades. This presupposes a return to positive economic growth in the Region, a development which is already being forecast according to some projections, in order to fund the proposed investments and the respective recurrent costs. These costs will have to be shared by the Governments, the private sector, and the community, in order to sustain the infrastructure created by the Plan. In addition, it will be necessary to adopt measures that will ensure more efficient utilization of the resources mobilized under the Plan, as well as more equitable distribution of its benefits.

The fulfillment of these conditions will require the commitment and the participation of a variety of actors in the health and other sectors, in both the public and the private spheres, and at the national and international levels. In addition, implementation of the Regional Plan for Investment will require the adoption of articulated strategies, with focus on at least the following areas:

- (a) The countries of the Region, which will be involved in the formulation and execution of the Plan and will be its principal source of financing and its primary beneficiaries;
- (b) Multilateral and bilateral cooperation agencies, which will participate in the Plan through the provision of political, technical, and/or financial support; and
- (c) PAHO/WHO, which is expected to play an active role in various ways in implementing the Plan.

The strategies proposed below have been formulated taking into account the evolution of the Plan. As work toward implementation of the Plan proceeds and as new participants are incorporated and unforeseen circumstances are encountered, it may be necessary to review these strategies and adjust the vision of the future upon which the Plan is based.

## 2.2 Strategies at the Country Level

### 2.2.1 Policies for Sectoral Reform and Investment

An attempt will be made to clearly delineate in each country the policies that will guide the processes of reform and investment in environment and health that the Plan seeks to support. These policies should be consistent with national policies and plans for development and with the commitments assumed by the country in the various international forums.

In some cases, such policies may have already been explicitly formulated. In this event, it will be suggested that they be reviewed in order to introduce any adjustments that may be required in the context of the country's participation in the Plan. In the event that such policies do not exist, it will be necessary to establish a consensus among the most important institutions in terms of investment in the environment and health and the environment with a view to establishing a basic set of policies to guide the implementation of the Regional Plan in the country.

These policies should be developed at the appropriate level in order to ensure their acceptance by the various governmental agencies that will be involved in their implementation. In certain cases it may be necessary to enact legislation concerning the most relevant aspects of the Plan. In addition, in the formulation of these policies it will be necessary to take into account the expectations of the various sectors of society, among which it is considered that a consensus must be built in order to ensure the success of the Plan.

### 2.2.2 Sectoral Analysis

The Plan has been prepared on the basis of Regional aggregate figures, which in turn are derived from official statistics from the countries and information obtained from international organizations. However, in the formulation of national plans and projects for reform and/or investment, more precise data and information will be needed on the visible and hidden deficits in coverage, the problems that sectoral reform will seek to remedy, and the public and private resources available within each country. The appropriate procedure for characterizing the situation of the countries in regard to their needs and possibilities for reform and investment in environment and health is sectoral analysis, which should cover at least the following areas:

- (a) The principal socioeconomic, political, environmental, and health factors and trends that are relevant to the Plan;
- (b) The national policies, programs, and projects relative to health and the environment; institutional characteristics; human resources; installed capacity; technology; management and financing of the systems of health services and environmental infrastructure;

- (c) Qualification and quantification of the health and environmental deficits--visible as well as hidden, and current as well as future in the priority areas of the Plan;
- (d) The political, technical, and financial resources (public and private) available at the national level and externally that can be mobilized to support reforms and/or Investments in the Environment and Health.

This analysis should be carried out in all the countries during the first years of implementation of the Plan, with periodic follow-up analysis in subsequent years. To the extent possible, previous sectoral studies carried out by the countries and/or external specialized agencies will be utilized. The analysis will be conducted by national teams, preferably multi-institutional in composition, with support from the international agencies participating in the Plan. In view of the fact that analyses such as these are an essential component of the process of gaining approval for investment projects by international lending agencies, an attempt will be made to adopt methodological procedures that will meet the requirements of such agencies.

### **2.2.3 National Plans for Investment in the Environment and Health**

Through the foregoing activities, it will be possible to design multi-year national plans to cover the twelve years contemplated under the Regional Plan, defining the priority health and environmental problems as well as indicating the interventions proposed in order to address them. In the countries that already have a national plan of this type, all that will be required is to bring it into line with the Regional Plan. However, in all probability, in many countries it will be the Regional Plan that will prompt the formulation of a national plan.

The national plans should seek, as much as possible, to be consonant with the country's national development policy, particularly in regard to the priorities for investment and institutional reform. In the event that the national development policy does not envisage the possibility of developing a plan like the one described in this section, it will be necessary to initiate a special dialogue with the national authorities at the highest level in order to seek other alternatives that will allow the country to benefit from implementation of the Regional Plan for Investment.

The multi-year national plan should provide guidelines for the activities of all the public and private institutions engaged in the areas of health and the environment within the country and should also guide the mobilization of multilateral and bilateral technical and financial resources. In addition to its passage through formal channels at the level of State agencies, the national plan will need to result from consensus and agreement between the relevant institutions and representative organizations of civil society. The national plan should make explicit the assumptions on which its projections are based and should also point out any factors beyond the control of the participating institutions which might affect implementation of the Plan for Investment in the country.

The national plan should be prepared in such a way as to permit periodic review and updating as necessitated by changing socioeconomic and political circumstances, as well as the evolution of situations, resources, and technology relating to health and the environment. The multi-year national plan should also indicate the criteria, indicators, terms, and mechanisms for the monitoring and evaluation of both the plan itself and the projects formulated under it.

#### **2.2.4 Profiles of Priority Projects**

The national plan should indicate the priority projects to which investment is to be channeled in order to address the problems detected by sectoral analysis. Profiles of priority projects should be compiled in a portfolio of projects, which should be sufficiently flexible to permit, inter alia, periodic updating, revision to accommodate changing contexts, adaptation in response to new financing opportunities that may arise, etc. Of course, the portfolio should include all the projects identified in the country, independent of the source of financing or the institution slated to execute the project.

The portfolio of projects should be managed in a way that will guarantee access thereto by the various public and private institutions concerned with investment in the environment and health and the environment. In addition, it should be a key instrument for the negotiation of resources at the national and extra-national levels for implementation of the multi-year national plan.

#### **2.2.5 Formulation and Negotiation of Projects**

The formulation and negotiation of projects with national and external providers of financing will be another key stage in the implementation of the Regional Plan for Investment in each country. The projects envisaged under the Plan might be of two types:

- (a) Reorientation and development projects: Such projects involve political, technical, managerial, and/or financial macro-reorganizations that are sectoral, interinstitutional, or institutional in scope (in the case of the principal sectoral institutions), as well as changes in the division of labor and the relationship between the public and private sub-sectors in the areas of health and the environment.
- (b) Projects to increase and/or restore physical infrastructure: Projects of this type are aimed at increasing and/or restoring the installed capacity of health and environmental services, including their human, physical, and technological resources.

As is the case with sectoral analysis, here also the information that must be submitted may vary depending on the financing agencies with which the project is being negotiated. In

order to facilitate this process, it would be desirable for the principal agencies working in the Region to agree on a common set of specifications to be provided to the countries participating in the Regional Plan for Investment. An attempt will also be made to encourage these agencies to accord preferential treatment in the negotiation process to projects that fulfill the requirements established by common agreement in the context of the Regional Plan.

### **2.2.6 Methodological Development and Training**

As will be seen below, the preinvestment stage of the Plan will consist of a series of activities carried out in the countries of the Region. The countries will be supported in the methodological development and training of national teams, which will be responsible for carrying out preinvestment activities in general and sectoral analysis and formulation of projects in particular. This support will take into account the deficiencies existing in the countries, as well as the requirements of the major financing agencies, with a view to achieving greater effectiveness and efficiency in the preparation and negotiation of projects. Also, the experience accumulated by the countries, PAHO/WHO, and various other agencies will be utilized to facilitate the training of national teams to develop health and environmental projects.

### **2.2.7 National Coordinating Commission for the Plan**

It will be proposed to the government of each country participating in the Plan that a National Coordinating Commission be created which will comprise the principal public and private institutions concerned with health and environmental issues. The Commission's functions will include:

- (a) Drafting the policies that will guide the process of investment in the country under the Plan;
- (b) Supporting the national government in establishing a consensus among the groups concerned with health and the environment, which is necessary in order for the Plan to be implemented in the country.

In the event that the country already has a similar body, that body could take responsibility for carrying out the functions of the Commission.

### **2.2.8 Technical Secretariat for the Plan**

It will also be proposed that the countries establish a multi-institutional technical-administrative secretariat which, without prejudice to the responsibilities of the individual institutions comprising it, will be responsible for the following functions:

- (a) Supporting the National Coordinating Commission as it carries out its functions of providing advisory services and establishing consensus;
- (b) Coordinating implementation of the preinvestment activities discussed above;
- (c) Updating the portfolio of projects profiles and the documentation relating to the multi-year plan and corresponding projects, and
- (d) Overseeing the monitoring and evaluation of the multi-year national plan and the preinvestment activities, proposing regular updates.

## **2.3 Strategies at the International Level**

### **2.3.1 Creation of the Preinvestment Fund**

Support for some of the preinvestment activities under the Plan will be provided through the Environment and Health Preinvestment Fund, the organization and operation of which are described in Annex II. In addition to financial support, technical support will be mobilized among the international and bilateral agencies involved in the Plan. Technical support will also be provided in the form of technical cooperation among the countries of the Region.

### **2.3.2 Importance of Bilateral and Multilateral Cooperation**

Successful implementation of the Plan will require the political support, technical cooperation, and financial backing of the international community as a complement to the national resources to be mobilized for the same purpose. To this end, it will be necessary to mount an intensive effort of negotiation and consensus-building with other multilateral and bilateral agencies with a view to overcoming the differences between existing criteria and in order to coordinate action at both the international level and in the countries. The agencies whose participation is considered most critical in this alliance, together with the strategies for gaining their support for implementation of the Plan, are listed below.

### **2.3.3 Multilateral Lending Agencies**

The cooperation of the World Bank and the Inter-American Development Bank is crucial to implementation of the Plan, particularly in regard to:

- (a) Defining basic assumptions and formulating investment projects under the Plan, in order to identify the areas in which there is consensus with these agencies;
- (b) Reconciling the criteria, requirements, and specifications of the respective project cycles and pipelines for the preparation, evaluation, and approval of loan proposals;
- (c) Coordinating the activities of technical and financial support for preinvestment; and
- (d) Participating in the Preinvestment Fund as described in Annex I.

### **2.3.4 Agencies of United Nations and the Inter-American System**

Negotiations with these agencies should be aimed at the mobilization of political support and technical cooperation for studies, projects of mutual interest, and training and preinvestment activities.

### **2.3.5 Bilateral Agencies in Developed Countries:**

Technical and financial support will be enlisted from these agencies for the various activities relating to implementation of the Plan, including participation in the Preinvestment Fund.

### **2.3.6 Bilateral Agencies in Countries of Latin America and the Caribbean**

Technical and financial cooperation will also be sought from these agencies for the implementation of the Plan, including participation in the Preinvestment Fund.

## **2.4 Strategies at the Level of PAHO/WHO**

### **2.4.1 Governing Bodies**

The Governing Bodies of PAHO/WHO are privileged political forums for guiding and overseeing the implementation of the Regional Plan for Investment and the Preinvestment Fund at the Regional level, particularly in regard to the Organization's participation therein. The frame

of reference for this participation is provided by the Strategic Orientations and Program Priorities for PAHO/WHO during the Quadrennium 1991/1994 and by those resolutions relating specifically to the Plan and the Fund which have been or may be approved by the Governing Bodies of the Organization.

#### 2.4.2 Secretariat

In fulfillment of the mandates established by the Governing Bodies, the Director will adopt the measures necessary in order to ensure the Bureau's participation in the implementation of the Plan and the administration of the Fund. These measures will relate to the roles to be played by the PAHO/WHO Country Representations, the Regional Programs, and the coordinations and other units at Headquarters in the implementation of the Plan and administration of the Fund. An attempt will be made whenever possible to limit any changes in organizational structure at PAHO Headquarters in connection with the Plan's implementation. Preference will be given to mechanisms of internal coordination, including the formation of functional working groups depending on the projects or activities to be supported. Programming, monitoring, and evaluation of the process as a whole will be carried out utilizing, as much as possible, the mechanisms already available in the Planning, Programming, Monitoring and Evaluation System for PAHO's Cooperation (AMPES).

The XXXVI Meeting of the Directing Council of the Pan American Health Organization (PAHO), held in September 1992, adopted Resolution XVII on the Regional Plan for Investment in the Environment and Health (PIAS) in which it decided to adopt the Plan as a frame of reference for the investment that needs to be made over the next 12 years in the countries of Latin America and the Caribbean, both to alleviate existing deficiencies and to meet the needs of a burgeoning population. In adopting the Plan, the Directing Council took into account the Strategic Orientations and Program Priorities for PAHO During the Quadrennium 1991-1994, and the decisions of the I and II Ibero-American Summits of Heads of State and Government to support the formulation and launching of the PIAS, and to establish a Environment and Health Preinvestment Fund that would stimulate the Plan's execution. The Council also recognized the need to channel national and external resources in greater proportions than have been allocated in recent years, to rebuild and expand infrastructure and to adapt health and environmental protection services, all in relation to the national agendas for sectoral reform.

In Resolution XVII, the Directing Council also requested the Member Governments:

- To formulate national plans of investment designed to bring about, over the next 12 years, a profound transformation of the environmental and health sectors, with more effective and equitable action, as well as more efficient utilization of the resources expended for this purpose.

- To allocate internal resources, both public and private, in amounts equivalent to approximately 0.8% of the GDP over the next 12 years, in order to channel the national resources necessary to enable the investment proposed under the Plan.
- To urge multilateral and bilateral institutions to increase their financial cooperation with the countries of Latin America and the Caribbean for investment in the environment and health.
- To initiate the actions that they are called on to carry out under the strategies for implementation of the Regional Plan for Investment in the Environment and Health and to collaborate in the establishment of the Multilateral Fund for the Development of Preinvestment Activities in the Environment and Health.

At the same meeting, the Directing Council requested the Director of PAHO:

- To take the measures necessary in order to ensure that the strategies for implementation of the Regional Plan for Investment in the Environment and Health are put into effect.
- To establish a Multilateral Fund for the Development of Activities of Preinvestment in the Environment and Health that will support the national processes of implementation of the Regional Plan in each country.
- To promote the adoption of the Plan by the bilateral and multilateral lending agencies, especially the Inter-American Development Bank (IDB) and the World Bank, as a mechanism for coordinated action in those areas and to encourage these agencies to contribute to the Plan's enhancement and execution, as well as to the establishment and operation of the Multilateral Fund for the Development of Activities of Preinvestment in the Environment and Health.

In order to promote the implementation of the PIAS within the framework of Resolution XVII of the XXXVI Directing Council, and to establish and operate the Fund for the Development of Preinvestment Activities, as of 1 November 1992 two operational mechanisms were established within the Bureau:

- A new unit, directly linked to the Director of PAHO, known as the Executive Secretariat for the Regional Plan for Investment in the Environment and Health (DSI); and

- An operational mechanism consisting of the Coordinating Group for the Regional Plan for Investment in the Environment and Health.

The basic functions of the Executive Secretariat and the Coordinating Group for the PIAS are to design, promote, and coordinate the actions for the implementation of the Regional Plan that are carried out by the Organization as a whole.

The specific functions of these two mechanisms are described below:

a) **Executive Secretariat for the Regional Plan for Investment in the Environment and Health**

The essential functions of the Executive Secretariat of the Regional Plan for Investment in the Environment and Health are:

- To coordinate the implementation of strategies established for the execution of the Regional Plan for Investment in the Environment and Health, both through the Secretariat's own actions and through actions carried out by various units that operate in the Member Countries and at Headquarters.
- To make provision for the establishment of the Fund for Development of Preinvestment Activities and to assume responsibility for its technical and administrative management.
- To foster ties with multilateral lending institutions with a view to arriving at a strategic alliance to promote the implementation of the Regional Plan for Investment in the Environment and Health.
- To articulate the necessary operational activities, both internal and external, in coordination with the corresponding units.

The Executive Secretariat is intended to function as a catalytic unit that will support the regular operation of the units within and outside Headquarters in order to ensure maximum complementarity of functions and activities. The unit will not duplicate lines of action that are being carried out by the various programs of the Organization, but rather will promote their articulation around the common objective.

The Executive Secretariat for the PIAS was established through the reallocation of four professional and three general services posts that already existed under different units at Headquarters.

**b). Coordinating Group**

The Coordinating Group consists of the Directors of the Divisions of Health and Development, Health and Environment, and Health Systems and Services, as well as the Chief of the Office of External Relations. Its functions are as follows:

- To support the Executive Secretariat in the implementation of the Regional Plan for Investment in the Environment and Health;
- To serve as a mechanism for consultation on and coordination of the operational activities, ensuring comprehensiveness and complementarity in the specific activities of the units involved in the implementation of the Regional Plan for Investment in the Environment and Health;
- To advise the Director on these matters.

It should be noted that, in view of the potential impact of the Regional Plan for Investment in the Environment and Health on the environmental and health reforms that are being carried out in the Member Countries, this initiative will become the most important operational instrument for the Organization's cooperation in the coming years. This is happening in the midst of a situation that is different from the one that existed a few years ago. There are new actors on the scene--both bilateral and multilateral agencies--which are increasingly involved in the development of investments in environment and health, but they are not necessarily working in coordination with each other. This represents a challenge to the Organization, which must redefine and transform some of its basic approaches to the provision of technical cooperation and promote the strengthening of the national capacity to steer these processes. Thus, aside from the creation of the Executive Secretariat for the PIAS and the Coordinating Group, all units within the Pan American Sanitary Bureau should, in their specific areas of responsibility, join in the comprehensive process that will ultimately lead to concerted execution of the Plan, and this should be reflected in their annual and biennial program budgets.

### **3. Activities carried out by PAHO in Support of the Implementation of the Regional Plan During 1992-1993**

The following pages summarize the most important advances that have been made, between September 1992 and December 1993, in response to the mandate established by Resolution XVII of the XXXVI Directing Council in order to initiate the implementation of the PIAS. They also describe the program lines of action that the Organization has begun to develop in order to more fully articulate the technical cooperation it provides to the Member Countries with the process of investment in the environmental and health sectors.

#### **3.1 Implementation Processes in the Countries of Latin America and the Caribbean and Institutional Development to Promote Investment in the Environment and Health**

The fundamental objective in this regard is to strengthen and/or stimulate national processes for the execution of the PIAS in each country of Latin America and the Caribbean, in accordance with the strategies adopted in Resolution XVII of the XXXVI Meeting of the Directing Council. The aim is also to implement a cooperation process directed toward strengthening the countries' institutional capacity so that they are equipped to perform sectoral analysis, to formulate and execute projects, and to plan and program sectoral investments.

In this context it should be pointed out that a different approach will have to be used in each country, so that it will not be attempted to create additional or artificial schemes above and beyond the national processes that are already under way, but rather to carefully identify those schemes in order to determine critical aspects which can be strengthened, and which require the technical cooperation that the Organization can provide in connection with the investment processes. Progress in this regard will be closely linked to lines of action (2) and (3), which are described below.

It should also be noted that the implementation of the PIAS in the countries is closely related to the agendas for sectoral reform that are being proposed by the Member Countries. These reforms, in turn, will not be viable if they do not incorporate investment processes, which are the most dynamic generators of resources for the changes sought.

For this purpose it will be important to take advantage of the opportunities provided by the development of sectoral studies, the formulation of investment projects, the execution of investment projects using internal or external sources, planning processes for sectoral investment, national planning cycles, and the discussions to establish national agreements for sectoral reform.

Another aspect of particular importance in the implementation of this line of action will be the identification of nuclei in environmental and health sector institutions that need to be

strengthened, along with the provision of human resources training, which is closely linked to the institutional development process.

### **3.2 Creation of a Strategic Alliance for the Implementation of the Regional Plan with the Principal Multilateral and Bilateral Agencies for Technical and Financial Cooperation**

Success in the implementation of the PIAS, both in terms of the Regional actions required as well as the actions at the country level, will depend to a great extent on the Organization's capacity to create a strategic alliance with the principal actors involved in this process, both multilateral and bilateral, with regard to technical and, particularly, financial cooperation.

The purpose of this strategic alliance will be to guarantee a convergence of specific approaches, methodologies, and developments relating to investment in the environment and health. Towards this end, it will be necessary to foster participation by bilateral and multilateral lending institutions and agencies in preinvestment activities; joint action--particularly with the banks--in the execution of the investment project; and participation by bilateral and multilateral agencies that provide technical and financial cooperation in the fund for preinvestment in the environment and health. To achieve the above objective and goals, the Organization has proposed a series of activities to support the creation of this strategic alliance. They can be summarized as follows:

- Development of an ongoing dialogue with the World Bank and the Inter-American Development Bank about sectoral policies and operations in relation to both the environment and health.
- Identification of mechanisms for functional coordination between PAHO, the Inter-American Development Bank, and the World Bank that will make possible the joint implementation of preinvestment activities and the execution of technical cooperation components in investment projects approved by the officers of the multilateral lending institutions.
- Development of mechanisms for carrying out joint efforts in conjunction with subregional financial cooperation institutions, such as the Central American Bank for Economic Integration, the Andean Development Cooperation, and the Caribbean Development Bank.
- Development of collaborative schemes to finance investments in conjunction with bilateral or supranational institutions from outside the Region (AID, BMZ/KFW, Commission of the European Communities, European Investment Bank, etc.)

- Development of an ongoing political and technical dialogue with bilateral agencies providing official aid to development (AID, CIDA, JICA, BMZ/GTZ, SIDA, DANIDA, NORAD, FINNIDA, and the international cooperation agencies of Italy, France, and the Netherlands) in order to coordinate their technical cooperation activities with the processes of sectoral analysis and the planning and programming of investments in each country of Latin America and the Caribbean.
- Development of dialogue and coordination with multilateral agencies in the United Nations and Inter-American Systems (UNDP, UNICEF, ECLAC, LAES, UNEP, and the OAS).

The steps taken up to now have made it possible to successfully launch the dialogue and begin to coordinate with the World Bank, the Inter-American Development Bank, AID, and UNICEF, which reveals the potential opportunity that exists to engage in coordinated action through the forging of an interinstitutional strategic alliance for the implementation of the PIAS. However, it should be pointed out that it is still necessary to complete the activities listed above during the next months, and especially to systematically maintain the efforts and contacts already initiated. This will be possible to the extent that joint actions are undertaken with other institutions in order to further the processes of investment in environment and health.

### **3.3 Analysis of the Processes of Investment in the Environment and Health in Latin America and the Caribbean**

The third line of action that the Organization has undertaken is analysis of the processes of investment in the environment and health in the countries of the Region. For this purpose, it was decided that the research technique known as rapid assessment would be used and adapted so as to incorporate the perspectives of political, economic, technical, and institutional analysis.

A document has been prepared for this purpose that contains guidelines for country studies. It sets out the basic methodology for making a detailed characterization of the processes of investment in the environment and health in each country, and will provide the information base used in devising strategies for implementing the PIAS in each Member Country.

The principal objectives of this analysis are:

- To characterize the processes of investment in the environment and health in each country of the Region in order to identify the principal variables and show how their interrelationship influences the allocation of investment resources in each country.

- To have an information base so that activities can be devised to support the adoption of the PIAS in the countries. This will make it possible to define technical cooperation activities aimed at strengthening access to both national and external investment resources for the environment and health sectors.

For the purposes of the studies that are being prepared using the above-described methodology, the environment sector is considered to be the set of institutions in a country that have to do with basic sanitation services (drinking water, sewerage, and wastewater and solid waste treatment) and the prevention and control of environmental pollution (water, air, and soil). It is also important to note that the notion of investment is considered to include not only capital expenditures, but also all allocations of productive and financial resources that help to maintain and expand the productive capacity of the sector.

The studies that are being conducted and will continue to be conducted throughout THE FIRST QUARTER OF 1994 using the methodology described in this section focus on providing information about investment processes, which means that they differ from sectoral studies in terms of content. Using the rapid assessment methodology, these analyses look at the information available from secondary sources.

Since the studies are also intended to analyze a process, there is a strong emphasis on the information available from the key institutional actors involved in that process, which means the staff and authorities in those institutions.

The methodology has been designed in such a way that the analysis of investment processes facilitates sectoral assessment activities, since it allows preliminary identification of certain elements which can then be examined more thoroughly in a sectoral analysis. The analysis of processes of investment in the environment and health involves the identification and characterization of five basic components:

- Macroeconomic aspects and policies on investment in the environment and health.
- The principal actors involved in the investment processes and their interrelationships.
- The evolution and make-up of investments in the environment and health.
- The degree of consonance between economic policy trends and investments in the environment and health.
- The investment cycle, which includes:
  - the phase of generation of investment initiatives;

- the phase of allocation of resources;
- the phase of actual execution of the investments.

The objective of supporting the strategies for implementation of the PIAS will be attained through operational application of the findings obtained from the analysis of the investment process in each country. The study results will be used to determine the specific weight that will be given to efforts in the area of sectoral analysis for the strengthening of programming and planning of sectoral investments, development of investment project profiles, support for sectoral reorganization processes, institutional development, and human resources education in the above areas.

The methodology was developed between November 1992 and January 1993 and is being applied on a pilot basis in Peru and Colombia. At the end of April 1993 the results of this trial were evaluated and the methodology was adjusted accordingly. During 1993, studies were carried out in approximately 12 more countries of the Region. In 1994, the remaining countries of Latin America and the Caribbean will be covered. Once the global results have been obtained, the country studies will be used to define national strategies for the execution of the PIAS, and the findings will be consolidated so that general conclusions can be drawn regarding Latin America and the Caribbean.

For the preparation of these studies, it is envisioned that national resources will be used from the different institutions that have direct or indirect ties to the process of investment in the environment and health, and that these will receive PAHO technical cooperation from Headquarters and the PAHO/WHO Representative Offices. National consultants with experience in investment processes and the ability to conduct institutional studies have been and will continue to be designated to collect and analyze information. This will result in the preparation of a document in each country that characterizes the decision-making process for investment in the environmental and health sectors. For this purpose, it is proposed that the national counterparts which will be the primary participants in the exercise will be the ministries of planning or equivalent institutions, which will also articulate the participation of the most closely related institutions in each sector.

#### **3.4 Establishment of the Fund for the Development of Preinvestment Activities**

Although the PIAS has established that preinvestment needs over the next 12 years in the countries of Latin America and the Caribbean will amount to at least US\$1,200 million, both the II Ibero-American Summit of Heads of State and Government and the XXXVI Meeting of the Directing Council of PAHO have expressed their support for the development of a mechanism linked to the process of implementation of the PIAS—namely, the creation of a seed fund for the development of preinvestment activities.

The initial proposal called for the creation of a financial mechanism involving close to US\$7 million dollars annually which would stimulate catalytic preinvestment activities and lead to the generation of additional resources for that purpose both at the Regional level and at the level of each country. The dialogue that has taken place thus far with various Member Countries regarding the establishment of the Preinvestment Fund has revealed that having an efficient mechanism to facilitate the use of resources to implement preinvestment activities is a high priority that addresses a critical need in the environment and health sectors. In addition, the idea behind the creation of the fund has evolved in such a way that it is basically seen as a two-part mechanism consisting of:

- A Multilateral Central Fund built up through contributions from PAHO, public and private donors from outside the Region, and multilateral agencies for financial and technical cooperation;
- Specific country funds, created with national contributions, either in hard foreign currency or local currency, which can be supplemented by contributions from bilateral or multilateral agencies for technical and financial cooperation that are allocated to the country in question.

Once established, the specific country funds would be the formula for gaining access to the Multilateral Central Fund, making it then possible to finance, through both sources, specific preinvestment operations in the countries, subject to recoverability after the investments have been financed.

Thus far, letters of commitment to establish country funds have been received from Colombia, Nicaragua, and Peru; and there is a governmental agreement and a memorandum of understanding from Guatemala to create a similar mechanism in that country. Meanwhile progress is being made in talks with Mexico, Argentina, Bolivia, Brazil, Costa Rica, Ecuador, Honduras, Paraguay, Dominican Republic, Uruguay, and Venezuela which are aimed at creating specific country funds in each case. In addition, the Government of Spain has offered to contribute US\$700,000 to the Multilateral Central Fund, which would be added to the US\$1 million contribution from the Pan American Health Organization and possible additional contributions from multilateral agencies for technical and financial cooperation. Work is under way to establish legal, financial, and operational mechanisms to regulate the Multilateral Fund for the Development of Preinvestment Activities in the Environment and Health which, among other things, would include participation by the principal contributors in an administrative council for the Multilateral Central Fund, in addition to the establishment of local councils to administer the funds in each country.

The financial mechanism of the Preinvestment Fund can be enormously enhanced with a system of mobilizing resources, so that it begins to evolve very dynamically, with the establishment of joint interagency operations for the implementation of preinvestment activities

that involve contributions in money or in kind from each institution to launch complementary activities geared toward strengthening the generation of investment projects. In this regard PAHO will continue its joint efforts, which can substantially reinforce the financial activities carried out through the Fund.

### **3.5 Methodological Development and Conduct of Sectoral Analyses**

This line of action, which entails coordinated action by different technical units in the Organization and an effort to reach methodological and operational consensus with other multilateral and bilateral agencies for technical and financial cooperation, is the central axis of a cooperation process aimed at strengthening national capacity to develop plans, programs, and projects for investment in the environment and health. In this regard, it should be pointed out that, on the one hand, it is important to engage in the methodological development of instruments for sectoral analysis in both the environment and health fields that are coordinated with other institutions that carry out similar activities, while at the same time making progress with the performance of sectoral analyses in response to specific needs in the countries, in coordination with the other agencies involved in the process.

A noteworthy development with respect to sectoral analysis in the area of water and sanitation is that a collaborative project has been initiated between PAHO, AID, WASH, the Inter-American Development Bank, and the World Bank, which will produce, over a two-and-one-half month period, a set of joint methodological guidelines for the four agencies that will allow them to use a similar approach in performing a detailed study of the water and sanitation sector. These guidelines can subsequently be applied, with a view to refining them, in two countries of the Region during the second half of the year.

In addition, a working group has been formed within the PAHO Secretariat to harmonize the various approaches that exist for sectoral analysis in health and to begin work in preparation for the subsequent formation of an inter-agency working group similar to the one that has been created in the field of water and sanitation.

### **3.6 Methodological Development and Direct Cooperation to the Countries for the Formulation and Execution of Investment Projects**

This line of work involves the preparation of operational instruments--in coordination with the principal multilateral and bilateral agencies that provide technical and financial cooperation--which are used in the formulation and management of investment projects. It also entails providing direct cooperation to the countries in order to strengthen the national teams who work on the preparation of investment plans, programs, and projects, and the design of mechanisms to implement them.

At the same time, along the same lines as described in the previous section, it will be necessary to proceed with methodological development projects and with projects for providing direct cooperation to the countries in formulating and developing investment proposals, in response to specific needs. This process can be enormously enhanced through the Fund for Preinvestment Activities and the systematic implementation of the PIAS in the Region.

### **3.7 Human Resources Development to Strengthen National Systems of Investment in the Environment and Health**

Human resources education in the areas of sectoral analysis, formulation and execution of projects, and technical and financial planning of investments is fundamental for the implementation of the PIAS. This process should begin at once, in the short term, regardless of whatever medium-term actions may later be devised to strengthen the national capacity to guide the processes of investment in environment and health.

The current situation in this regard in Latin America and the Caribbean is characterized by three different factors:

- Lack of institutionality in investment processes. This is reflected in the limited and often marginal role that the ministries and institutions in these sectors play in the formulation of policies to stimulate and orient investment in the environment and health.
- Limited intersectoral and interministerial articulation in the development of the investment process, resulting in fragmentation of the stages of the process.
- Limited technical capacity to prepare and execute investment plans in the health sector at the central, regional, and municipal level.

Although these deficiencies have different root causes, the Organization's experience with investment matters indicates that one of the leading causes is the shortage of human resources who are appropriately qualified to analyze and formulate investment policies and projects. This shortage is a major obstacle to attainment of the goal of restoring and improving the levels and quality of investment in both sectors. Thus the need exists to address this problem, making some options available to the countries of the Region for specific training in these areas.

There are, in fact, many institutions in existence in the Region that provide high quality training in the fields of business administration, planning, or management. However few are geared specifically toward the health field. Moreover, schools of public health that offer an administrative specialization limit themselves to the area of service management. This points up the need for an education program that will bring the component of analysis of investment

policies and projects into line with specific processes of production and consumption in the health and environment sectors.

In view of the foregoing, a working group has been formed under the Secretariat which is formulating a project, the overall objective of which is to contribute to the strengthening of the institutional capacity of the countries in the Region to develop national systems of investment in the environment and health. This would occur in the context of reorganization of the health and environment sectors, in accordance with the following specific objectives:

*To provide training and continuing education for the corresponding human resources in areas relating to the processes of investment in health and the environment*

These areas include both traditional analysis of investment in infrastructure, as well as the analysis and design of policies and projects that will make it possible to improve the productivity of the resources that are allocated to produce services in health and the environment. The latter efforts are directed toward identifying activities for institutional strengthening and support for the reorganization of both sectors. The principal issues that need to be addressed are sectoral analysis and the formulation and evaluation of investment projects.

The proposed project is not intended to train a new kind of professional, but rather to provide already trained professionals who are working in central public administration (Ministries of Health, Finance, Public Works, or Planning), or the regional or municipal equivalents, with the common analytical tools needed in the field of investment in health and the environment. This strategy appears to be the one best suited to ensure that these professionals can continue to function effectively in their jobs.

*To generate or consolidate a network of institutions to provide programs for education and training in the investment process*

The project seeks to encourage qualified institutions to take a leading role in the development of short-term training modules that are intensive, multidisciplinary, and based on an interactive teaching approach. Interinstitutional or interdepartmental ties will be promoted for the design and execution of the modules. The project is aimed at creating training programs that will be self-sustaining in the medium term.

Thus, with initial technical orientation and financial support provided by the Organization, it is proposed to develop training programs at four or five institutions, covering the entire Region. These and other activities related to fulfillment of the general objective will be carried out over the medium term (through workshops, meetings, and directories of experts, among other approaches).

The project will defray the initial costs of preparing the programs and will fund a certain number of fellowships per country. The programs will have common core components as well as differential specialized components, which will make it possible to provide broader and more flexible training.

In order to implement this project, it will be necessary to do the following:

*Characterize the desired outcomes*

This means defining, in generic terms, the body of knowledge and skills that will serve as the frame of reference for the training programs. To that end it is proposed to review existing training courses, to consult experts inside and outside of PAHO, and to look at the analyses of the investment processes carried out by the PIAS.

*Characterize the demand*

At the outset the demand will be created by the project. It will be necessary to determine the training needs, priorities, and strategy in each country. The activities envisioned include holding discussions with the members of the project's administrative committee, reviewing the analyses of investment processes, consulting with the PAHO/WHO Representative Offices in the countries, and preparing a country plan to be discussed with the national authorities.

*Characterize the supply*

This will involve an institutional survey aimed at identifying the centers with the greatest potential to serve the project's objectives. An initial compilation of information will be carried out in collaboration with the PAHO/WHO Country Offices. This will include information on training programs in some of the areas that are proposed here, as well as on institutions with the potential to offer the training program proposed under this project. In a subsequent stage, criteria will be developed for selecting the institutions with the greatest capacity for carrying out the proposed training. It is planned to have this information available by the end of 1993 in order to launch the activities that will generate the network of institutions in the Region.