



PAN AMERICAN HEALTH ORGANIZATION

EXECUTIVE COMMITTEE OF THE DIRECTING COUNCIL

26th MEETING OF THE SUBCOMMITTEE ON PLANNING AND PROGRAMMING

Washington, D.C., 25-27 March 1996

Provisional Agenda Item 8

SPP26/8 (Eng.)
20 February 1996
ORIGINAL: SPANISH

**PROGRESS IN THE IMPLEMENTATION OF THE REGIONAL PLAN FOR
INVESTMENT IN THE ENVIRONMENT AND HEALTH**

In response to the mandate issued by the I Ibero-American Summit of Heads of State and of Government, held in Guadalajara, Mexico in July 1991, the Pan American Health Organization (PAHO), in close consultation with the countries of Latin America and the Caribbean, prepared the Regional Plan for Investment in the Environment and Health (PIAS) in 1992. At its XXXVI Meeting in September 1992, the Directing Council of PAHO approved the Plan as the framework for the investments that would be required in Latin America and the Caribbean in order to gradually overcome the existing deficit in health services and basic sanitation.

This document has two objectives: (1) to report on developments since PIAS began execution, in terms of the framework established by the Organization for implementation of the Plan and the achievement of its objectives, and on the specific preinvestment activities carried out over more than three years of Plan operations in three major areas of action: sectoral analyses, master investment plans, and project formulation; and (2) to describe the program approved by the PIAS Advisory Council for 1996.

In this regard, this document is submitted to the Subcommittee on Planning and Programming for consideration in the hope of obtaining its feedback on the activities undertaken in the past three years, as well as its suggestions for future action.

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Annex

1. Background

In response to the mandate issued by the I Ibero-American Summit of Heads of State and of Government, held in Guadalajara, Mexico, in July 1991, the Pan American Health Organization (PAHO), in close consultation with the countries of Latin America and the Caribbean, prepared the Regional Plan for Investment in the Environment and Health (PIAS) in 1992. The II Ibero-American Summit of Heads of State and of Government, held in Madrid in July 1992, supported the launching of PIAS and accorded priority to its implementation at the regional level. At its XXXVI Meeting in September 1992, the Directing Council of PAHO approved the Plan as the framework for investments that would be required over the next 12 years in Latin America and the Caribbean in order to gradually overcome the existing deficit in health services infrastructure, water supply and quality assurance, and basic sanitation. The Directing Council of PAHO also recognized the need for channeling more national and external resources than have been allocated in recent years to rebuild and expand infrastructure and to improve health services and environmental protection and adapt them to the national agendas for sectoral reform.

To promote the implementation of the Plan, in November 1992 PAHO established an Executive Secretariat, directly linked to the Director, to coordinate the implementation of PIAS. One of the tasks of the Executive Secretariat has been to develop lines of action in order to improve coordination of PAHO technical cooperation to Member States with investment in the environment and health sectors.

The III, IV, and V Ibero-American Summits of Heads of State and of Government—held, respectively, in Salvador, Bahia, Brazil in July 1993; in Cartagena, Colombia, in June 1994; and in Bariloche, Argentina, in October 1995—recognized the principal achievements of the Plan in the countries during its first three years of operation. Moreover, PIAS received support from the Conference of Heads of Government of the Caribbean Community (CARICOM), held in the Bahamas in 1993.

2. Framework for the Implementation of PIAS

PIAS is a response to the need to improve the living conditions of the population of the Americas, to combat the rampant poverty in the Region with tangible instruments, and to fight for access by every person in Latin America and the Caribbean to health care, clean and safe water, and basic sanitation services.

PIAS has proposed the mobilization of US\$ 217,000 million over a 12-year period to finance the investment required in the Region to reduce the existing deficits in health and basic sanitation services. The Plan has estimated that approximately 70% of these resources should be provided by domestic sources, from national savings, which implies

channeling 0.8% of the combined GDP of the Region's economies into investment in the environment and health sectors. The remaining 30% should come from external sources, both concessional and non-concessional.

However, it is extremely difficult to mobilize the magnitude of resources required for the environment and health. The problem lies not so much in the availability of the financial resources required for the task as in the serious weakness in the capacity of both sectors to draw up agendas for major reform, translate such policies into resource allocations that bring change, plan in concert the investments required for the medium and long term, and design and implement investment proposals that contribute to an effective transformation in the delivery of services.

In this regard, the fundamental challenge faced by PIAS is to improve the countries' ability to mobilize investment resources. This means strengthening the institutional capacity to carry out sectoral analyses that will redefine investment needs quantitatively and qualitatively, making it possible to properly design, manage, and evaluate investment projects in the environment and health.

In light of the above, it should be recalled that the main objectives of PIAS can be summarized as follows:

- Reestablish the flow of investments in the environmental and health sectors in Latin America and the Caribbean;
- Redirect capital spending in health, drinking water, basic sanitation, and environmental protection to ensure sectoral expansion, recovery, and operational improvement;
- Support the process of sectoral reform, in both environment and health, in the countries of Latin America and the Caribbean by mobilizing investment resources.

In assuming responsibility for coordinating efforts aimed at the implementation of PIAS in the Region, PAHO has had to design operational mechanisms that make possible:

- The extensive promotion of the PIAS initiative among the countries of the Region and the development agencies;
- The establishment of a strategic alliance with the key multilateral and bilateral technical and financial cooperation agencies;

- The rapid assessments of the political, organizational, institutional, and financial aspects of investments in the environment and health in each country of the Region;
- The delivery of technical cooperation, through the different units in the field and Headquarters, to support preinvestment and investment activities in the environment and health.

Building strategic alliances with bilateral and multilateral institutions, particularly the development banks, implies a continuous effort by the Organization at three levels: (1) joint formulation of general and specific policies; (2) consensus-building for methodological development and working tools; and (3) joint action in specific preinvestment and investment operations in the environment and health. Therefore, as part of the PIAS implementation process, it is crucial to articulate these three levels of work within the PAHO Secretariat, incorporating the actions of the field and Headquarters units in a coherent manner.

In regard to the rapid assessments of investment in the environment and health, it should be noted that the majority of the Latin American and Caribbean countries have conducted studies of the developments over the last 10 years in this field. This information is an invaluable tool for identifying investment constraints and bottlenecks, which can serve as the focus of the strategy to implement PIAS in each country of the Region.

In delivering technical cooperation to the countries focused on preinvestment and investment activities, it is important to note that PAHO should not become extensively involved in the execution of investment proposals since national execution of the project should be promoted. It is only in cases where there is a good match between the project and the technical cooperation work of the Organization that the Secretariat might consider direct execution of investment projects.

However, it is indeed essential for PAHO to step up its efforts in preinvestment activities so that it will participate from the earliest stages in the identification of investment projects and the design of activities for their implementation. In this regard, PAHO support for the implementation of PIAS has and should continue to focus on four major types of preinvestment activities listed below:

1. *Sectoral Analyses:* These portray the situation faced by a country, state, or province in terms of the needs and opportunities for sectoral reform and the investments its implementation will require. Sectoral analyses may focus on water and sanitation, municipal solid waste management, environmental protection, or health service delivery. Their ultimate goal is to improve the quality and quantity

of investments in the environment and health. Hence, they generate and analyze the information that permits decision-making to ensure the technical and financial feasibility, as well as the social sustainability of the proposed interventions.

2. *Master Investment Plans:* These plans are intended to provide a structured medium-term view for the identification and execution of priority investments in the environment and health in a country, state, or province. This type of tool can avert the fragmentation that can arise from the isolated planning of investment projects, allowing for the design of comprehensive investments that bolster sectoral reform.
3. *Formulation of Investment Proposals:* In order to mobilize national resources and external resources from multilateral lending institutions or bilateral cooperation agencies, investment projects must be technically and financially sound and should be designed so as to lend support to the sectoral reform agenda for the environment and health. Therefore, bringing PAHO technical cooperation closer to the identification and formulation of investment proposals is of paramount importance since it enables the Organization to exert an influence in the early stages on significant allocations of investment resources in the environment and health sectors.
4. *Institutional Development for Planning, Managing, and Evaluating Investment in the Environment and Health:* This type of activity is particularly important for ensuring sustainable investment management in both sectors. Its primary focus is on human resources development and institution-building to bolster the national capacity for carrying out preinvestment activities in the sectors.

3. Building Strategic Alliances for the Implementation of PIAS

With the economic recovery in the Region in the early 1990s and the visibility of the human and political costs of adjustment and stabilization, the social development agenda is regaining priority. The opportunities for funding investments and recurrent costs in the environment and health have improved substantially. Privatization of the direct economic activity of the State in several countries of the Region, reform of the public sector in the majority of the countries, the increasing availability of resources for the social sector from multilateral lending institutions (approximately \$4,000 million per year for the environment and health) make it possible to boost investment in areas that can improve the social well-being of the population of the Region.

These new circumstances call for greater public effort in the social sectors. However, both the investments and recurrent costs will increasingly have to be shared

by government, the private sector, and the community, seeking the maximum degree of complementarity.

The implementation of PIAS must take all this into account in order to build a synergistic partnership among:

- The countries of the Region, which are directly involved in the formulation and execution of investment plans and projects and are the principal source of financing and the ultimate beneficiaries;
- Multilateral and bilateral cooperation agencies whose political, technical, and supplementary financial support are essential to the PIAS initiative;
- PAHO, whose primary responsibility is to promote PIAS by fostering the strategic alliances required for its implementation and designing and delivering technical cooperation in support of the investment process in the environment and health.

Building strategic alliances with multilateral and bilateral institutions for technical and financial cooperation is crucial in supporting national efforts in:

- Investment needs assessment;
- Capacity building to formulate and implement sectoral reform policies;
- Medium- and long-term investment planning;
- Development, implementation, and evaluation of investment projects.

Every country, in accordance with its own national policies and strategies, is tackling the processes of sectoral reform in the environment and health. PIAS is an instrument that will assist the countries in strengthening their sectoral reform activities. To accomplish this it will be essential to bolster the health and environmental sectors so that they can take advantage of available national and external resources by identifying and implementing sound investments that ensure universal access to health and basic sanitation services.

PAHO has actively supported the implementation of the Plan in the countries of Latin America and the Caribbean and has lent its support to institutional development for the promotion of investments in the environment and health. In addition, it has encouraged bilateral and multilateral cooperation agencies, such as the Inter-American Development Bank (IDB), the World Bank, the United Nations Development Program

(UNDP), and the U.S. Agency for International Development (USAID), to adopt the Plan as a mechanism to coordinate investment activities in the environment and health sectors.

Along these lines, PAHO, the World Bank, and the UNDP signed an agreement in early 1994, whereby PAHO will join the "Ruta Social" Project in Central America by assigning a health sector specialist who will articulate his or her responsibilities as much as possible with PAHO technical cooperation programs and particularly with the implementation of PIAS in Central America.

4. Implementation of Preinvestment Activities

In order to characterize the processes of investment in the environment and health in each country and to have the core information needed to design support activities, the Organization has conducted analyses of the investment processes in the environment and health over the past decade in many of the countries of the Region. In fact, final versions are available of studies in 16 Ibero-American countries (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, and Uruguay), the United States-Mexico border area and Puerto Rico, and nine Caribbean countries (Belize, Dominica, Grenada, Guyana, Jamaica, the Netherlands Antilles, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago). The results of these studies represent a valuable source of information for designing new strategies to implement the Plan in each country.

To facilitate dissemination of the Plan and the principal advances in its implementation, a project has been undertaken to coordinate the editing, publication, and dissemination of four documents series: the Studies Series, the Sectoral Analysis Series, the Technical Report Series, and the Documents Series. A total of 42 documents have been published to date. Moreover, basic information on PIAS and the complete text of its publications has been made available over the World Wide Web on the Internet, and work is in progress to make it available on CD-ROM.

In the first three years of the Plan, more than 20 preinvestment operations have been carried out, including sectoral analyses, master investment plans, and formulation and/or support for the execution of investment projects in the environment and health sectors (see Annex). These efforts have involved a total mobilization of approximately \$7 million in resources, in addition to direct allocations by PAHO of approximately \$5 million.

With regard to financial contributions from countries and bilateral and multilateral cooperation and credit agencies, while many contributions for specific preinvestment

operations have been made, the contribution of the Government of Spain to PIAS of approximately \$750,000 stands out.

In order to assess the progress made by PIAS and determine how to allocate funds, including the Spanish contribution, for specific preinvestment operations, the first meeting of the PIAS Advisory Council was held on 28 November 1995. The meeting, convened by the Director of PAHO, included the participation of representatives from the Bahamas, Colombia, Mexico, Panama, and Spain, as well as the World Bank and USAID. The Council approved the program of preinvestment activities for 1996, consisting of 34 operations, and the allocation of extrabudgetary funds for them. The next meeting of the Council will take place toward the end of November 1996.

Sectoral analyses in the areas of water supply and sanitation took the form of a collaborative project in 1993 involving PAHO, USAID, the IDB, and the World Bank, which drew up common methodological guidelines that have been used to date in five countries (Belize, Cuba, Ecuador, El Salvador, and Guatemala), Oaxaca, Mexico, and four states in southern Brazil. Moreover, in September 1995 the International Meeting in Support of the Cuban Water Supply and Sanitation Sector was held, the product of a coordinated effort by the PAHO/WHO Representative Office in Cuba, the Division of Health and Environment (HEP), and the Executive Secretariat of the Regional Plan for Investment in the Environment and Health (DSI). This meeting, whose frame of reference was the Sectoral Study of Water Supply and Sanitation conducted in Cuba, brought together over 150 participants (from bilateral and multilateral cooperation agencies, NGOs, the private sector, and government) to open a dialogue on potential technical and financial cooperation with the sector in Cuba.

In 1994, the IDB, the World Bank, USAID, and PAHO jointly prepared methodological guidelines for sectoral studies on solid waste, and these have already been used in Colombia, Guatemala, Mexico, and Uruguay.

PAHO is nearing completion of methodological guidelines for undertaking sectoral analyses in health beginning this year.

A collaborative project has also been undertaken by the Inter-American Development Bank, PAHO, the University of the West Indies (UWI), and the University of Toronto to prepare the *Caribbean Regional Health Study*, which covers 16 countries. The Caribbean Group for Cooperation in Economic Development (CGCED) commissioned the IDB and PAHO to do the study, which should be presented at the biennial session of the advisory body scheduled for June 1996. The CGCED will also review other studies related to public sector reform in the Caribbean. Members of the CGCED include the governments of 16 Member States (mainly the ministries of the economy and

finance), the development banks, the principal bilateral donors active in the Region, and some multilateral technical cooperation agencies and organizations.

The objectives of the study are to prepare a diagnostic summary of the principal problems, issues, trends, and challenges that the health sector faces in the Region, and to identify key measures, feasible policy alternatives, strategies, and courses of action to address the major obstacles to and constraints on development of the sector in the Region.

An IDB-PAHO task force has been created and, in consultation with the countries, has drawn up the terms of reference for the study. For PAHO, DSI coordinates the Organization's inputs in collaboration with the offices of the Assistant Director (AD), Health and Human Development (HDP), the Office of Caribbean Program Coordination (CPC), and the PAHO/WHO Representative Offices in the countries. A group of IDB-PAHO consultants is also available and working on the preparation of the study, and a consortium of universities (UWI and the University of Toronto) is collaborating on a specific analysis for each country and an analysis of some regional trends that are revealed by the country studies.

The first draft of the study was circulated to the ministers of health of the 16 countries and discussed with them at the Conference of Ministers of Health of CARICOM on Health Sector Reform, held in November 1995. The second draft was discussed at a seminar held in Barbados, 22-24 January 1996, attended by the major stakeholders in the development of the sector in the Region.

In addition, support has been given to the preparation of master investment plans in the environment and health in several countries of the Region (Costa Rica, Honduras, and Panama) and in the Mexican state of Chihuahua.

Progress has also been made in preparing instruments for the design and management of projects with the main multilateral and bilateral technical and financial cooperation agencies. For instance, support has been provided for the design and implementation of technical cooperation for investment projects financed by multilateral banks and/or with national resources in Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Guatemala, Nicaragua, Paraguay, Peru, and Uruguay.

Moreover, since February 1995 DSI has devoted a major share of its efforts to the joint work with the Divisions of Health Systems and Services Development (HSP) and Health and Human Development (HDP) in health sector reform.

Finally, the program of preinvestment activities for 1996 approved by the PIAS Advisory Council includes the following specific operations:

- Sectoral analyses of water supply and sanitation in Argentina (Province of Neuquén), Brazil (State of Bahía), Colombia, Mexico (State of Querétaro), and Uruguay;
- Sectoral analyses of solid waste in Brazil (State of Rio de Janeiro), Chile, Costa Rica, Cuba, Jamaica, and Mexico;
- Sectoral analyses of health in Brazil (State of São Paulo), Cuba, and Ecuador;
- Master plans of investment in the environment and health in Argentina (Buenos Aires), Colombia, Mexico, and Peru;
- Preparation of investment projects in health in Bolivia, the Dominican Republic, and Ecuador;
- Preparation of investment projects in the environment in Guatemala.

Implementation of these activities will require the mobilization of approximately \$1,290,000 in PAHO resources and total resource mobilization of \$3,250,000.

5. Conclusion

With the incipient economic recovery of the early 1990s in the countries of the Region and the growing acknowledgement of the human and political costs of economic adjustment and stabilization, the agenda for social development has regained its standing. Access to financial resources to defray investments and recurrent costs in the environment and health sectors has improved substantially. Privatization of direct economic activity of the State in several countries of the Region, government reform in virtually all the countries, and greater resource availability for the social sectors from the multilateral lending institutions (around \$4,000 million per year for the environment and health sectors) favor higher investment in the areas that generate greater social well-being for the Region's inhabitants.

The ultimate objective of PIAS is to ensure that, between 1993 and 2004, a total of \$217,000 million will have been invested in the environment and health. To achieve this goal, however, the countries of the Region need to formulate policies, adopt strategies, and carry out activities that strengthen their ability to gain access to a greater volume of resources and to gear these activities toward the sectoral reform processes that are so urgent in the Americas. PAHO will continue to lend its support to the countries so that they can face this great challenge and meet the targets set by the Plan and approved by the heads of state and government of the Region.

**PREINVESTMENT ACTIVITIES AND RESOURCE MOBILIZATION
NOVEMBER 1992 - DECEMBER 1995**

TYPE OF PREINVESTMENT	PREINVESTMENT ACTIVITY	FINANCING		TOTAL COST IN US\$
		PAHO	COUNTRY/ AGENCY	
SECTORAL ANALYSES IN DRINKING WATER AND SANITATION	Development of the methodology of sectoral analyses of water supply and sanitation	43,000	37,000 ¹	80,000
	El Salvador	45,000	25,000	70,000
	Ecuador	45,000	25,000	70,000
	States of Rio Grande do Sul, Paraná, Santa Catarina, and Mato Grosso in Brazil	60,000	60,000 ²	120,000
	Cuba	39,000 ³	93,000 ⁴	132,000
	Guatemala	50,000	46,000 ⁵	96,000
	Belize	50,400	23,300	73,700
	Oaxaca, Mexico	59,000	61,750	120,750

¹ Contributions from IBRD, IDB, and USAID.

² Contributions from the state governments of Rio Grande do Sul, Santa Catarina, Mato Grosso do Sul, and Paraná, Brazil.

³ Figure includes \$19,500 from the PIAS-Spain Fund.

⁴ Figure includes a contribution of \$80,000 from the Government of Cuba and \$13,000 from CARE, Canada.

⁵ Contribution from Guatemala, USAID, and UNICEF.

TYPE OF PREINVESTMENT	PREINVESTMENT ACTIVITY	FINANCING		TOTAL COST IN US\$
		PAHO	COUNTRY/ AGENCY	
SECTORAL ANALYSES IN SOLID WASTE	Preparation of the methodology for sectoral analyses in solid waste	33,000	37,160 ⁶	70,160
	Guatemala	45,000	53,500	98,500
MASTER PLANS OF INVESTMENT IN ENVIRONMENT AND HEALTH	Master plan of investment in health for Chihuahua, Mexico	40,000	40,000 ⁷	80,000
	Strengthening and extension of basic health services in Ecuador (FASBASE)	100,000	1,968,588 ⁸	2,068,588
FORMULATION OR SUPPORT EXECUTION PROPOSAL OF INVESTMENT IN HEALTH	Strengthening health services in Peru, IDB/PAHO	50,000	398,744 ⁹	448,744
	Support for the process of implementation of health sector reform in Colombia	118,100	202,440 ¹⁰	320,540

⁶ Contributions from IBRD, IDB, and USAID.

⁷ Contribution from the state government of Chihuahua.

⁸ Funds from the loan agreement between Ecuador and World Bank for the implementation of the seven-year FASBASE project carried out by PAHO to date. Total amount to be executed by PAHO, \$8.7 million.

⁹ Funds from the IDB/Peru loan (\$95 million). Four-year execution period. Total amount to be executed by PAHO, \$622,000.

¹⁰ Funds from the Government of Colombia for project implementation.

TYPE OF PREINVESTMENT	PREINVESTMENT ACTIVITY	FINANCING		TOTAL COST IN US\$
		PAHO	COUNTRY/ AGENCY	
FORMULATION OR SUPPORT EXECUTION PROJECTS IN INVESTMENT IN HEALTH	Execution of preliminary activities of the Project Institutional Strengthening of the Health Sector in Uruguay	3,000	153,560 ¹¹	156,560
	Preparation of a preinvestment project in the area of micronutrients in Ecuador	30,000	35,000 ¹²	65,000
	Joint preparation by USAID/World Bank/PAHO of a proposal of investment for health sector reform in El Salvador	20,000	20,000	40,000
	Preinvestment activities for the institutional development of the Ministry of Health in Nicaragua	70,000	30,000 ¹³	100,000
FORMULATION PROPOSAL OF INVESTMENT IN ENVIRONMENT	Joint implementation by PAHO/Dominican Republic of the project for the Administrative Reform of the Ministry of Health and Social Welfare (SESPAS), financed by World Bank	40,000	248,000	288,000
	PAHO/Agua y Alcantarillado (Aya) execution of preliminary activities of the Second Project for Water Supply and Sewerage, financed by World Bank, in Costa Rica	24,000	246,000 ¹⁴	270,000
	Preparation and support for the implementation of the SANEBAR Project in Costa Rica	100,000	3,500,000	3,600,000

¹¹ Funds from the loan agreement between the Republic of Uruguay and the World Bank.

¹² Contribution to the project from Coca-Cola Inc., through the International Life Science Institute (ILSI).

¹³ Contribution from RUTA Social.

¹⁴ Activity prior to the signing of Agreements Nos. 2 and 3 between PAHO and Aya for the execution of technical cooperation activities in relation to a loan from the World Bank.

TYPE OF PREINVESTMENT	PREINVESTMENT ACTIVITY	FINANCING		TOTAL COST IN US\$
		PAHO	COUNTRY/ AGENCY	
FORMULATION PROPOSAL OF INVESTMENT IN ENVIRONMENT	Preparation of a sanitation project for the Londrina-Maringá area, Brazil.	13,500	8,000 ¹⁵	21,500
	Preparation of a proposal for a water quality certification system in Rio Grande do Sul	7,000	8,000 ¹⁶	15,000
OTHERS	Preparation of a sectoral analysis methodology in the area of health promotion	8,000	---	8,000
	Project for human resources development for the strengthening of the national environment and health systems	56,000	---	56,000
	TOTAL	1,149,000	7,320,042	8,469,042

¹⁵ Contribution from the Water and Sanitation Company of Paraná (SANEPAR).

¹⁶ Contribution from the Water and Sanitation Company of Rio Grande do Sul, Brazil.