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of the Regional Plan for Investment in  
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## **I. Introduction**

Since 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), a number of advances have been made, both in the Member Countries and in the Secretariat of the Organization. These are directed toward laying the groundwork for full implementation of this initiative, which seeks to stimulate, over the next 12 years, the process of investment in the environment and health, which is linked to the need for reform and modernization of both sectors in the Region.

In order to understand the context in which the principal advances have been made in the implementation of the PIAS during the last six months, it is important to recall that in its Resolution XVII, as mentioned above, the Directing Council 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 Multilateral Fund for the Development of Preinvestment Activities 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.

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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.

The following pages summarize the most important advances that have been made, between September 1992 and April 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.

## **II. Changes in the Operation of the Bureau to Strengthen the Process of Implementation of the Regional Plan**

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 in the following section.

**1. 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.

**2. 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;

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- 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.

### **III. PAHO Lines of Action in Support of the Implementation of the Regional Plan During 1992-1993**

#### **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.

## **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.

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- 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, 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. 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 1993 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

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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 the results of this trial will be evaluated and the methodology will be adjusted accordingly. Between May and July, studies will be carried out in approximately 12 more countries of the Region; and between August and November, 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.

#### **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

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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.

## **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.

#### **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.

#### **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.

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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.

## **Annexes**

## **Annex I**

Update (23/VI/93)

Summarized below are some important developments that have taken place in regard to the implementation of the Regional Plan for Investment in the Environment and Health since the main document was prepared at the beginning of May.

### **1. Establishment of the Fund for the Development of Preinvestment Activities**

In addition to the letters of commitment from Colombia, Nicaragua, and Peru and the governmental agreement and memorandum of understanding signed by Guatemala, there has been a communiqué from the Government of Spain, which has agreed to contribute US\$700,000 to the Fund for Preinvestment Activities for 1993. In addition, negotiations have been carried out to establish a preinvestment operation in Costa Rica, with a contribution of US\$200,000 from that country, which in fact represents its agreement to participate in the Preinvestment Fund. There has been continued progress in the conversations with Argentina, Brazil, Chile, Dominican Republic, Ecuador, Honduras, Mexico, Panama, Paraguay, Uruguay, and Venezuela for the establishment of specific country funds in each case. PAHO has already allocated its contribution of \$1,200,000, and conversations are under way with the Inter-American Development Bank to secure its participation in the Preinvestment Fund, either through international technical cooperation or through a special agreement for preferential access to the new Preinvestment Fund mechanism that is being created within that institution.

### **2. III Ibero-American Summit of Heads of State and Government**

At the request of the Government of Brazil, which is serving as Secretariat pro tempore for the III Ibero-American Summit of Heads of State and Government, PAHO prepared a Progress Report on the Implementation of the PIAS, which will be included on the agenda for discussion by the Heads of State and Government of 19 Member States of the Organization, from 13 to 16 July 1993, in Salvador, Bahia, Brazil.

The Director of PAHO has been invited to participate in these discussions and will thus again have the opportunity to bring the process of implementation of the PIAS in the Region to the attention of the highest-level political leaders of the Ibero-American countries.

**3. Conference of Heads of State and Government of the Member Countries of the Caribbean Community (CARICOM)**

Since January 1993 there has been close collaboration with the Secretariat of CARICOM in preparing a document which, based on the PIAS and taking into account the specific situation of the English-speaking countries of the Caribbean, outlines the basic features of the Regional Plan for the Heads of State and Government of the countries of the Caribbean Community, who will be meeting in the Bahamas during the first week in July. In this connection, it should be noted that during the second week in June a meeting was organized, together with the Secretariat of CARICOM, to prepare for the meeting of Heads of State and Government. Participating in that meeting were health, environment, and planning authorities from the various countries of the Caribbean.

## **Annex II**

Update (16/VIII/93)

A summary appears below of the most important developments relating to the Regional Plan for Investment in the Environment and Health that emerged from two high-level political forums held in the Region in July 1993.

### **1. III Ibero-American Summit of Heads of State and of Government**

During the III Ibero-American Summit of Heads of State and of Government, held in Salvador, Bahia, Brazil, 15-16 July 1993, extensive debate took place on social development in the Region with specific reference to the Initiative of the Regional Plan for Investment in the Environment and Health, approved by the II Ibero-American Summit of Heads of State and of Government, held in Madrid in July 1992.

The Director of PAHO and the Executive Secretary of the Regional Plan for Investment in the Environment and Health were present during the deliberations of the Ibero-American Heads of State and of Government in Salvador, Bahia. PAHO presented a progress report on implementation of the Plan to the Heads of State. The document containing the conclusions of the III Ibero-American Summit expressed satisfaction with the progress made in executing the Regional Plan for Investment in the Environment and Health pursuant to the resolutions of the Summits of Guadalajara and Madrid and reaffirmed support for the implementation of the Plan. The Heads of State declared their conviction that the constitution of a Multilateral Preinvestment Fund, with specific components in each country, provides a fundamental instrument for the promotion of investment in the environment and health and encouraged the Member Countries of the Conference to subscribe to it. The Pan American Health Organization (PAHO) was requested to continue its efforts in support of the execution of the Regional Plan and to report to the IV Summit on the progress made in this regard.

The Summit noted with satisfaction the Conference on Sanitation, Environment, and Health, held in Brasilia on 26-28 May 1993, whose aim was to present the Regional Plan for Investment in the Environment and Health for Latin America and the Caribbean to the Brazilian authorities and evaluate their suggestions.

As indicated above, a commitment has been made to inform the IV Ibero-American Summit of Heads of State and of Government, which will meet in Cartagena, Colombia, in 1994, of the progress made in implementing PIAS, and the support of the highest Ibero-American political level has been affirmed for the development of this initiative.

**2. Conference of Heads of State and of Government of the Caribbean Community (CARICOM)**

In the meeting of the Heads of Government of the countries of the Caribbean Community (CARICOM), held in the Bahamas during the second week of July 1993, the Heads of Government endorsed the Regional Plan for Investment in the Environment and Health, affirmed that PIAS is an important process in the global strategy to attain the goals and targets of the Caribbean Cooperation in Health (CCH) initiative, and urged the Member States to participate fully in the Regional Plan for Investment in the Environment and Health, establishing the preinvestment fund, developing strategies that will encourage more effective and efficient allocation of investment resources, and studying the possibilities of every country to maintain and/or increase the levels of funding for investment in the environment and health.

### **Annex III**

Update (20/IX/93)

This Addendum contains a brief outline of the most important developments in the implementation of the Regional Plan for Investment in the Environment and Health (PIAS) that have taken place from the end of June through the middle of September 1993. Annex II dated 12 August 1993, contains a detailed discussion of the resolutions referring specifically to PIAS that were issued in two high-level political forums in the Region: the III Ibero-American Summit of Heads of State and of Government and the Conference of Heads of State and of Government of the Caribbean Community (CARICOM), held in July 1993.

The most important developments are summarized below.

#### **1. Implementation Processes in the Countries of Latin America and the Caribbean and Institutional Development to Promote Investments in the Environment and Health**

Efforts have been made to identify national processes that can be strengthened or activated in order to further the implementation of PIAS at the country, state, or local level. The following experiences illustrate the possibilities of progress in the cooperative actions aimed at strengthening the capacity for planning and programming of sectoral investments.

In Brazil, for example, PAHO worked closely with various entities of the public sector in order to organize the Conference on Sanitation, Environment, and Health, in Brasília, from 26 to 28 May. In the Conference, which was sponsored jointly by eight ministries and agencies of the Brazilian government and PAHO, the implications of PIAS for Brazil were discussed and the basic criteria were outlined that should be taken into account for the preparation of a national plan for investments in the environment and health. The event led to the formation of an interagency committee that is organizing the preparatory steps for the development of the plan in articulation with the actions aimed at organizing a mechanism of preinvestment in the environment and health for Brazil.

In Mexico, talks have been initiated with the government of the State of Tabasco in order to set up cooperation between PAHO and various entities of the state government (health, finance, and public works) to create a state mechanism for preinvestment in the environment and health. The first activity is the preparation of a state master plan for investments in the environment and health and for institutional development to ensure its effective and efficient management.

In the United States-Mexico border area, the opportunity and desirability of establishing a close linkage between the implementation of PIAS and the execution of the Comprehensive Border Environmental Plan has been identified. The first phase of the Plan, prepared by the U.S. Environmental Protection Agency and the Ministry of Social Development of Mexico, is now being evaluated, and the second phase is being prepared. In addition, preinvestment proposals have been developed that focus on the preparation of a master plan for investments in drinking water supply, basic sanitation, and environmental protection in the border area. The plan would be linked to the development of the mechanisms for managing and financing environmental actions that are envisaged in the Parallel Accords of the North American Free Trade Agreement that are under consideration by the legislatures of Canada, Mexico, and the United States of America.

In the future, it will be very important for PAHO to establish linkages in the countries that can further the progress in the implementation of PIAS, with opportunities to consolidate technical cooperation and bilateral and multilateral financial cooperation, and to strengthen or create national mechanisms for preinvestment in the environment and health.

## **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**

There are four important developments within this line of action.

The first is the intensification of the dialogue on policies and sectoral operations in environment and health with the Inter-American Development Bank, as well as the progress made in the establishment of mechanisms of functional coordination for the joint development of preinvestment activities. The dialogue with the President of the Bank and with IDB managers of projects, plans and programs, operations, and economic and social development has resulted in the establishment of a mechanism that will begin in October 1993 and take place every 4 months. The exercise will include the identification of sectoral studies and the preparation of projects that can be undertaken jointly. In addition, it has been agreed to pursue tripartite action between PAHO, IDB, and the country in question, in order to try to channel funds from multisectoral loans for preinvestment that have already been approved or are pending approval so that they can be used to finance preinvestment activities in the environment and health.

The second development is the establishment of a continuous flow of communication with the World Bank's Division of Human Resources and Division of Infrastructure and Environment in the departments for Latin America and the Caribbean, in order to analyze opportunities for collaboration in terms of sectoral studies, preparation of projects and, in some cases, execution of technical cooperation components of loans made to the countries for investments in the environment and health. This has led to the signing, in recent months, of several agreements between PAHO and different Member States related to loan operations, preparation of projects, sectoral studies, or institutional strengthening funded by the World Bank. Such is the case of

health projects in Ecuador and the Dominican Republic as well as of drinking water and sanitation projects in Costa Rica, Argentina, and Honduras.

The third development is the preparation of a preliminary agreement with the UNDP, the World Bank, and the Inter-American Development Bank to include PAHO in the RUTA Social Project in Central America through the assignment of a staff member who will function as the health sector specialist for RUTA Social in order to achieve the best possible coordination with the technical cooperation programs of PAHO and in particular with the process of implementation of PIAS in Central America.

The fourth development is the establishment of functional coordination with the U.S. Agency for International Development (AID). By working through AID's missions in the countries of the Region and through two consortiums that carry out technical cooperation projects for AID (WASH and HANS), joint actions can now be undertaken to prepare methodological guidelines for sectoral studies in water and sanitation, as well as the preparation of sectoral studies in health (El Salvador) and in water and sanitation (Ecuador and El Salvador).

PAHO is also working with other bilateral and multilateral agencies on the definition of schemes and mechanisms to make it possible to forge the strategic interinstitutional alliance that must be built up in order to further the implementation of PIAS in the Region.

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

The methodology for the analysis of the processes of investment in the environment and health in each of the countries of the Region was developed between November 1992 and January 1993 and applied on a pilot basis in Peru and Colombia. This study, whose scope is described in document CE111/14, has now been completed in a large number of countries in the hemisphere. The final drafts of the studies are already available for 11 countries: Argentina, Belize, Brazil, Colombia, Ecuador, El Salvador, Honduras, Nicaragua, Peru, Dominican Republic, and Uruguay. Work has begun in 8 other countries (Costa Rica, Chile, Guatemala, Guyana, Panama, Paraguay, Trinidad and Tobago, and Venezuela), as well as in the United States-Mexico border area. Plans call for carrying out the study in the remaining countries between October and December 1993.

Without a doubt, the results of the aforementioned studies are providing invaluable information for the design of strategies for implementing PIAS in each country, for defining the schemes of PAHO technical cooperation in support of this process, and for systematizing the basic information on investments in the environment and health during the last 10 years in the countries of the Region.

#### **4. Establishment of the Fund for the Development of Preinvestment Activities**

In addition to the update on this point contained in Addendum I of document CE111/14, dated 23 June 1993, there have been some late developments. Progress has been made in talks with Brazil, Colombia, Chile, and Mexico regarding the creation of specific country mechanisms or funds for the development of preinvestment activities in the environment and health, and it is hoped that they will be established within the next few months.

In Brazil, a formula has been found through which the Ministry of Sanitation, the state governments, and the state water and sanitation companies will participate jointly by contributing resources to the national preinvestment fund. In time, the Ministry of Health could also become part of the mechanism. In Chile the mechanism would be made up of resources from the Ministry of Planning, the Ministry of Health, and the Ministry of Public Works. In Colombia, it would be funded by the Presidency of the Republic, with the participation of the Ministry of Health and the National Department of Planning.

In Mexico, progress has been made in the definition of a scheme for the joint participation of the National Water Commission, the Ministry of Health, the Ministry of Social Development, and the Ministry of the Treasury and Public Credit. In addition, a development bank such as Financial National or the Bank of Public Works and Services could manage the allotted funds.

While work continues on the consolidation of these schemes, progress has been made in the identification of possible mechanisms at the state or regional level, such as the State of Tabasco in Mexico and the United States-Mexico border area. In addition, specific preinvestment operations have been designed with counterpart national resources that constitute the beginnings of the type of preinvestment fund that it is hoped can be developed in every country.

#### **5. Methodological Development and Conduct of Sectoral Analyses**

The collaborative project between PAHO, AID-WASH, IDB and IBRD for the preparation of a set of methodological guidelines for the conduct of sectoral studies in water and sanitation was successfully completed in the month of June and a collectively developed instrument is already available for this purpose.

The first application of the above-mentioned methodological guidelines has already been done in Ecuador, with the National Development Council (CONADE) serving as the national focal point. The study was carried out during the month of August by groups of national professionals and with a team of outside consultants supplied by PAHO, AID-WASH, IDB, and CARE Ecuador, with the support of CARE, Canada.

Negotiations are being conducted with the national authorities of El Salvador, in order to apply the methodological guidelines for a second time in a study of water and sanitation sector

in that country. This study could be completed in mid-November 1993, with the cooperation of PAHO, AID-WASH, and possibly of some other technical and financial cooperation agency.

PAHO has participated in other joint efforts of sectoral analysis related to water and sanitation that have been sponsored by IBRD and/or IDB, such as the studies done in Argentina and Honduras.

In the next months, functional coordination with the multilateral financing agencies and with the bilateral and multilateral technical cooperation agencies will aim at identifying exercises of sectoral analysis in both the environmental area and in health that are timely, of high priority, and that can be developed jointly.