

Framework for the Implementation of PIAS

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I. GENERAL ASPECTS

The Regional Plan for Investment in the Environment and Health (PIAS) is an initiative aimed at promoting necessary investments in the environmental and health sectors over the next 12 years in the countries of Latin America and the Caribbean.

PIAS is a response to the need of improving the living conditions, battling poverty and providing every person in the Region with the appropriate health care, clean and safe water and basic sanitation services.

The Plan has not only been endorsed by the Governing Bodies of PAHO but has obtained the explicit support of the highest political fora of the Region: the four Ibero-American Summits of Heads of State and Government (Mexico, Madrid, Salvador-Bahía and Cartagena de Indias) and by the Heads of Government of the Caribbean Community in the Bahamas, in 1993.

PIAS proposes the mobilization of US\$ 217 billion over a period of 12 years for investment throughout the Region to help reduce the existing deficit of health and basic sanitation services. The Plan has estimated that 70% of these resources should be provided internally, by channelling 0.8% of the GNP of the Region's economies into investments in the environmental and health sectors. The remaining 30% should come from external sources, both concessional and non-concessional.

There is, however, an important obstacle for crystallizing the mobilization of resources for the environmental and health sectors in the extent that is needed. The problem lies not so much in the availability of financial resources, but rather in the weaknesses suffered by the two sectors as far as their ability to set agendas for reform, to translate those policies in resource allocation practices that can contribute to change, to plan the investments for the long run, and to design, implement and evaluate investment projects.

In this regard, PIAS major challenge is to enhance the ability of the countries to mobilize resources for investment. This means strengthening institutional capacities to carry out sectoral analyses aimed at re-stating quantitative and qualitative investment needs so that

sound investment projects in the environment and health sector can be successfully developed and managed.

In light of what has been mentioned before, it is important to note that PIAS main objectives can be summarized as follows:

1. Establish the flow of investments in the environmental and health sectors in Latin America and the Caribbean.
2. Reorient capital spending in health, drinking water, basic sanitation and environmental protection, to ensure expansion, recovery and operational improvement of the sectors.
3. Support the ongoing process of sectorial reforms in the environment and health in every country of Latin America and the Caribbean by mobilizing investment resources.

These objectives must be kept in mind for the definition of PAHO's role in the implementation of PIAS, so structural and functional mechanisms of the Secretariat can be adjusted to support an intersectoral initiative like the Plan.

II. BUILDING STRATEGIC ALLIANCES FOR THE IMPLEMENTATION OF PIAS

With the onset of the Regional economic recovery in the first years of the present decade, and once the human and political costs of the adjustment and stabilization processes are more evident, the social development agenda is regaining its priority. The opportunities for funding investments and recurrent costs in the environmental and health sector have improved substantially.

Privatization of direct economic activity of the State in several countries of the Region, reforms of the public sector organization undertaken by most of the administrations, and the increase in the virtual availability of resources for the social sectors from the multilateral lending institutions (about 4 billion dollars per year for the environmental and health sector) make it possible to address the issue of recovering the level of investments in areas that can improve the social well being of the population of the Region.

These new circumstances call for a greater public effort in the social sectors. However, both the investment and the recurrent costs in this sectors will have to be shared by the government, the private sector and the community, seeking the maximum degree of complementarity.

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

- a) The countries of the Region which are involved in the formulation and execution of the investment plans and projects. They are the principal source of financing and its ultimate beneficiaries;

- b) Multilateral and bilateral cooperation agencies which are expected to provide their political, technical and supplementary financial support to the initiative; and
- c) PAHO, that has the responsibility of promoting PIAS, fostering strategic alliances for its implementation, and designing and delivering technical cooperation in support to investment process in health and the environment.

Building a strategic alliance with the multilateral lending institutions, multilateral agencies for technical cooperation, bilateral development agencies, and non-governmental organizations, is most crucial when supporting national efforts in regard to:

- a) investment needs assessment;
- b) capacity building for the formulation and implementation of sectoral reform policies;
- c) medium-term and long-term investment planning;
- d) development, implementation and evaluation of investment projects.

Practically each country of the Region, according to their national policies and strategies, is advancing a processes of sectorial reform in the environment and health. PIAS is an instrument which will assist the countries in strengthening the ongoing sectoral activities and thus enable the identification and implementation of sound investments that will ensure improved access to the health and basic sanitary services, so they can take advantage of the available resources within the country and through international agencies.

III. PAHO'S ROLE IN THE IMPLEMENTATION OF PIAS

To respond to the mandate of coordinating efforts aimed at the implementation of PIAS, PAHO has activated operational mechanisms to allow for:

1. The widespread promotion of the PIAS initiative among the Countries of the Region and the major development agencies.
2. Establishing an strategic alliance with key multilateral and bilateral technical and financial cooperation agencies.
3. The conduct of rapid assessments of political, organizational, institutional and financial aspects of investments in the environment and health.
4. The delivery of technical cooperation, through the different units in the Field and at Headquarters, in support of the development of preinvestment and investment activities in health and the environment.
5. The creation of an Environment and Health Preinvestment Fund.

Building strategic alliances with bilateral and multilateral institutions, particularly with the development banks, implies a continuous effort by the Organization at three levels: i) development of joint general and specific policies; ii) consensus building in terms of methodological developments and working tools, and iii) joint action in specific preinvestment and investment operations in health and the environment. This is why, as part of the implementation of PIAS, it is of the essence to articulate the three levels of action, by having a coherent and coordinated approach to the issue of all the Field and Headquarter Units.

As far as the rapid assessments of the investment processes in health and the environment, it is noteworthy that they have already been conducted in 30 countries of Latin America and the Caribbean. They are detailed studies of the evolution of investments in health and the environment in the last 10 years. They also involve an analysis of the major

bottle necks affecting the process in each country. By the end of 1994 rapid assessments will be completed in all the countries of Latin America and the Caribbean. This information base is a valuable tool for identifying restrictions in the investment process which can be addressed through the implementation of PIAS in each of the countries of the Region.

The delivery of technical cooperation to the countries, associated to the implementation of PIAS, has to be centered around preinvestment and investment activities. The execution of investment projects does not constitute a priority concern for PAHO, since it is more important to promote and support sound national execution. It is just when there is a match between the work of the organization and the technical cooperation components of an investment project, that PAHO might consider to undertake direct execution.

However, concentrating PAHO's effort in preinvestment activities is indeed a key priority for the implementation of PIAS. By doing so, PAHO can participate, since its inception in the identification of investment projects and the design of the interventions included in the investment projects. In this regard, PAHO's support to the implementation of PIAS has and will continue been concentrated in four basic types of preinvestment activities listed below.

1. ***Sectoral Analysis.*** They characterize the situation of individual countries, or states or provinces within a country, in regard to their needs and possibilities for sectoral reform and investments to implement them in the fields of environment and health. These sectoral analyses may be referred to different sectors of activity such as water and sanitation, solid waste, environmental protection, and health systems. The ultimate goal of sectoral analysis is to improve the quality and the quantity of investments in the environment and health. The information needs to be current and detailed so they provide sufficient financial and technical basis for designing the investments and contribute to assure social and financial sustainability of the projects.
2. ***Master Investment Plans.*** Aimed at elaborating a structured, medium term, strategic view of the investments needed in the health and environment sectors in a given country, or a state or province within the country. This type of tool allows for a more comprehensive design of investments linked to the process of sectoral reforms that goes beyond the isolated investment project design.

3. ***Investment Formulation.*** In order to mobilize either national resources or international resources from multilateral lending institutions or bilateral cooperation agencies, a detailed description of the project's intended purpose, required activities and anticipated costs needs to be designed in such a way that technical and financial soundness is assured. They have to be conceived bearing in mind, as well, the agendas for sectoral reform in health and the environment. To this end, bringing PAHO's technical cooperation closer to the identification and formulation of investment projects has a paramount importance since it enable the Organization to play a catalytic role in the early stages of design, of significant allocations of investment resources in health and the environment.

4. ***Institutional Development for Planning, Managing and Evaluating Investment in Health and the Environment.*** This type of activity has a unique relevance for assuring the development of sustainable mechanism of managing investment projects in both sectors. Its focus must concentrate on human resources development, and institutional building aimed at improving national capacity for carrying out preinvestment activities in general, and sectoral analysis and formulation of projects in particular.

As far as the Environment and Health Preinvestment Fund, progress has been made in the design of a two-part mechanism: 1) a Central Mechanism, capitalized with contributions from PAHO, external donors and multilateral technical and financial cooperation institutions, and 2) a series of Country Specific Mechanism capitalized with national contributions. To ensure commitment to the preinvestment activities, a country has to initiate the national fund before it becomes eligible for the resources from the central mechanism.

The Environment and Health Preinvestment Fund has been designed to provide financial support to the development of technical cooperation activities in the four areas mentioned above, supplementing PAHO's resources devoted to the implementation of PIAS.

The final objective of PIAS is to achieve, by 2004, that a flow of investment of \$217 billion in the health and environmental sectors takes place in Latin America and the Caribbean. To attain this goal, the countries of the Region have to advance policies, adopt strategies and perform activities, that strengthen their ability to access to a greater volume

of investment resources and to orient their activities towards the pressing agendas of sectoral reform. PAHO has the great challenge of adjusting its operations in such a way that it can provide an effective support to the Member Countries in the above mentioned areas, so the goals established by PIAS and endorsed by the Heads of State and Government can be materialized.