II IBERO-AMERICAN SUMMIT OF PRESIDENTS
Madrid, 1992

REGIONAL PLAN FOR INVESTMENT IN HEALTH AND THE ENVIRONMENT

Proposal for a Regional strategy and frame of reference for the formulation of National Plans of Investment in Latin America and the Caribbean

June 1992

CONTENTS

PREFACE

When cholera broke out in Peru in January 1991 there had been no epidemics of the disease in Latin America or the Caribbean for almost a century. Within a few months it spread to other countries and cases occurred in places as far away from the initial focus as Argentina, Brazil, Chile, Guatemala, and Mexico. As of 8 June 1992, the Pan American Sanitary Bureau had received reports of 586,306 cases, 266,034 hospitalizations, and 5,129 deaths.

The cholera epidemic has had a strong impact on the economies of a number of the countries. Sizable losses have been registered in the tourism, agriculture, and fishing sectors, as well as terms of exports. The high social cost is difficult to estimate because no way has been found to assign a specific economic value to the loss of human life.

The presence of cholera has called attention to the consequences of a long-standing structural and economic crisis and to the enormous inequalities that exist in the Region. The epidemic is also a product of deterioration in the infrastructure and quality of drinking water supply, basic sanitation services, and health care.

After two decades of economic growth that did little to redress poverty, the economies of Latin America and the Caribbean suffered a considerable decline during the last decade. The gap relative to the industrialized countries of the world has become wider, and vast sectors of the population have joined the ranks of those already living in poverty and misery. Per capita gross domestic product and Regional consumption fell by 8.7% and 12.6%, respectively, between 1980 and 1990. According to the Economic Commission for Latin America and the Caribbean, the Region probably has no fewer than 192 million people living in poverty and, of these, no fewer than 91 million are indigent.

Cholera develops, spreads, becomes epidemic, and finally becomes endemic when people live in substandard environmental conditions with no access to potable water and basic sanitation services and when health services are not equipped to respond adequately to the needs of the population at risk.

Today, in Latin America and the Caribbean, more than 130 million people do not have access to a safe water supply; 145 million lack sanitary sewerage and waste disposal systems; 300 million are contaminating waterways through the disposal of untreated wastes; 100 million, 90% of whom live in urban fringe areas, have no access to a refuse collection system; 240 million dispose of their refuse in conditions that are hazardous to their health and to the environment; and 160 million lack access to permanent direct health care services.

Firm political decisions and commitments must be made at the national and Regional levels to reverse these situations as soon as possible. Until this occurs, there will be no reduction in the high rates of morbidity and mortality from diarrhea and other infectious diseases. Millions of people, mainly children

and the poorest segments of the population, will continue to become ill and die from preventable risks and diseases. Cholera will become endemic, and other pathologies typical of poverty will emerge.

The countries of the Region have mounted a vigorous effort to control the spread of cholera and to prevent epidemics. Despite the severe constraints imposed by the economic crisis and the resulting adjustment measures, it has been possible to achieve satisfactory results. However, what has been done up to now is not enough.

In the face of this challenge, the countries of Latin America and the Caribbean, through the Pan American Health Organization, have proposed a strategy of action with two major components. In the short term, they have mounted an Emergency Plan, the general objectives of which are to combat cholera, reduce the risk of its spread, and limit its social and economic impact.

At the same time, they have proposed the formulation of a Regional Plan for Investment in Health and the Environment during the period 1993-2004. The Plan constitutes a Regional strategy, as well as a frame of reference for the countries and for international cooperation. It provides a common orientation for bringing about major reforms in the systems that are connected with comprehensive health care. The purpose of all this is to rebuild and extend the infrastructure and services that are linked to the protection and control of man's immediate physical and biological environment and to direct health care for the population. In this way it will be possible to cover both the deficits and demands that exist now and those that will emerge as the population grows over the next twelve years.

The Regional Plan for Investment should be the result of direct action by the countries. Its final formulation will emanate from the set of National Plans that the countries prepare. These should not be a limited and exclusive responsibility of the Governments or the countries. They should, at all times, be a responsibility that is shared on an ongoing basis by all sectors of the society and by all participants in the national political processes.

This first version of the Plan lays the basic foundations for initiating a process of dialogue and consensus between the countries of Latin America and the Caribbean. Ambitious but essential targets are proposed. Estimates are included for amounts of financing that might, at first glance, appear extremely high but ultimately are not beyond reach.

The present proposal is being formulated in the midst of crisis. The countries of Latin America and the Caribbean are undergoing a series of different crises which have multiplied and intensified the problems that are affecting them. However, there are hopeful signs that the Region is on the verge of an economic recovery. In these circumstances there is a moral duty to respond with proposals that correspond to the magnitude of the problems. The crises affecting the countries provide the opportunity to set in motion changes and reforms that are urgently needed and must no longer be put off.

This proposal is consonant with the principles contained in the Declaration of Alma Ata and those of the International Decade of Drinking Water and Sanitation, approved by all the countries of the world in 1978 and 1980, respectively. Moreover, it will contribute to the attainment of the goals established by the World Summit for Children.

SUMMARY

I

More than 130 million inhabitants of Latin America and the Caribbean do not have access to a safe water supply. Some 145 million lack sanitary sewerage systems, 300 million are contaminating waterways through the disposal of untreated wastes, 100 million have no access to a refuse collection system, 240 million dispose of their refuse in conditions that are hazardous to their health and contaminate the environment, and 160 million lack access to permanent direct health care services. More than 90% of the industries in the Region discharge their wastes without any treatment whatsoever.

In addition, sanitation and health systems and services are currently in an extremely critical state. Physical infrastructure has deteriorated through lack of maintenance and replacement. Operating budgets have been slashed, which has further accentuated the inefficiencies in the management of limited resources. Curative forms of health care continue to predominate and absorb almost all of public and private allocations. Consequently, the products of these services and systems are of poor quality and many times do not contribute to solution of the highest priority problems.

It is therefore not surprising that cholera epidemics have occurred in the Hemisphere; neither is it surprising that there is an imminent threat that they will spread and that cholera will become endemic.

If the countries of the Region do not take swift action and work together to overcome the structural deficiencies that have given rise to diseases like cholera, there will be no reduction in the high rates of morbidity and mortality. Millions of people, mainly children and the poorest members of the population, will continue to become ill and die from preventable risks and diseases. Cholera has set off an alarm. It is time to respond with effective actions that will correspond to the true magnitude and nature of the problems and will address their causes.

Drinking water, sanitation, and health services have become, in today's world, basic needs. When these needs are met only for certain social groups, a situation of injustice is created or perpetuated which cannot be indefinitely overlooked or disregarded.

II

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

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

III

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

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

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

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

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

IV

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

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

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

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

Hospitals are not overlooked because currently a very high percentage of the population has no access to them and because the benefits of extraordinary scientific and technological developments can be utilized to full advantage only in hospitals. Otherwise, there would be no equity or universality.

V

In general, priority is given to the

rehabilitation of existing infrastructure, and it is considered that any extension thereof, through new works, should be complementary.

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

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

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

VI

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

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

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

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

Chapter II explains the orientations and priorities which, in keeping with the concepts covered in Chapter I, have served as a basis for the formulation of this initial proposal.

VII

Chapter III discusses the structural content of the initial proposal of a Regional Plan for Investment.

Definitions are presented for the concepts of investment, infrastructure, preinvestment, institutional development, and health care. For purposes of the proposal, investments are considered to be the set of actions aimed mainly at strengthening national capacities, both for the preparation of plans and projects as well as for the achievement of maximum operational efficiency in the

management, administration, and operation of systems, establishments, and services. Some of these actions are also aimed at gaining a better knowledge of the national reality, as well as the sectors and systems that have to do with health care. Others are related to the need for continually updated information or to the formulation, at the national level, of orientations for bringing about system reform. Still others are actions that are necessary in order to achieve stable and ongoing political support or in order to create or strengthen technical-managerial expertise at all levels. Consequently, the concept of infrastructure cannot continue to be limited to the physical sense. Human resources--certainly the most crucial of all production factors--and, to a certain extent, managerial technology--which allows for effective management of the other factors--are also part of infrastructure.

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

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

VIII

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

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

TABLE 16
TOTAL INVESTMENT BY COMPONENT AND FINANCING COSTS
(in billions of US$, based on 1990 dollar value)

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

[1] Includes interest costs for all components.

IX

Three possible sources of financing have been considered: internal financing, including the private sector and possible schemes of self-financing and cost recovery; external financing, including multilateral, bilateral, public, and private financing, as well as concessional and non- concessional financing; and external debt conversion. The amount of this possible total financing is estimated at approximately US$ 207.6 billion, in terms of 1990 dollars.

TABLE 21
POSSIBLE TOTAL FINANCING BY MAJOR SOURCES (1993-2004)
(in billions of US$, 1990 dollars)

Sources	Amount	% of GDP of LAC
Internal	143.5	0.82
External	63.0	0.36
External Debt Conversion	1.1	0.006
Total	**207.6**	**1.186**

The multilateral lending institutions have expressed an interest in participating more actively in social development. There are agreements and proposals to establish certain targets, in terms of channeling specific percentages of the financing they provide, for social projects.

It is therefore appropriate to propose that the industrialized countries assume a commitment that is not beyond their possibilities. They could make a commitment to apply at least 20% of the financial cooperation resources that they allocate to Latin America and the Caribbean for projects aimed at protecting and controlling the environment and providing direct health care for the population.

The countries are assuming 69.12% of the anticipated total financing.

X

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

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

It will then be necessary to activate mechanisms that will ensure that this first phase is indeed carried out. For this to occur, an indispensable and urgent instrument is the creation of a "Regional Preinvestment Fund," made up of multiple contributions from countries in the Region and donors outside the Region. This mechanism could be designed and overseen by the Pan American Health Organization.

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

Chapter I

HEALTH IN DEVELOPMENT AND INVESTMENT

The Economic Crisis

1. The economic crisis that is currently affecting the countries of Latin America and the Caribbean is not a circumstantial phenomenon. It is an outgrowth of a long process of structural deterioration that has become increasingly evident during the second half of the present century.

In the context of progressive globalization of the world economy, the development models that had been adopted in the Region have proved inadequate to reduce the tremendous social inequalities. The countries have been incapable of responding in time and have failed to introduce the essential changes needed in order to adapt to social, economic, and demographic processes at the national level as well as new realities at the international level.

2. This situation became more acute during the 1970s, although it was masked by a heavy flow of capital and a consequent growth in external indebtedness. In the last 10 years it has reached crisis proportions, in the true sense of the term. National economies have become stagnant and poverty and misery have increased. Between 1970 and 1990 the ranks of the poor and indigent swelled by 77 million and 39 million, respectively. In addition, a process of progressive impoverishment has occurred in urban areas, where 60% of the poor now live in urban fringe areas. Social expenditures have been deeply cut, and underfunded social services have deteriorated and become increasingly inefficient.

The countries have been obliged to implement drastic economic adjustment measures, which have not always been accompanied by the means needed in order to cushion their negative social effects.

Social Development and Economic Growth

3. The economic and social issues and the concept of development should therefore be seen in the context of a region in which socially and politically dangerous problems have been accumulating for some time. While it is urgent and essential to overcome the economic crisis as soon as possible and to initiate a process of sustained growth, this alone will not be enough.

Economic growth cannot be considered development unless the benefits that accrue from this growth are distributed equitably. The increase in poverty and the accentuation of inequalities may pose a major threat to continued growth and, worse still, may jeopardize the legitimacy, stability, and viability of the social systems and political structures that people the world over are currently endeavoring to defend and strengthen.

4. In order for economic growth to be stable and sustained, it must be accompanied by processes that will reduce poverty, inequalities, and social injustice. This will require firm political commitments on the

part of governments, coupled with solid and ongoing political support from national societies. The fundamental requirements for stability and continued economic growth are the existence of an effective pluralistic, decentralized, and participatory democracy, together with respect for the freedoms that make it possible for democracy to truly work.

In this spirit, there is a need to formulate proposals that will lead to greater equity in the distribution of the benefits derived from growth.

Health in Development

5. In today's world, drinking water, sanitation, and health services have become basic needs. They are the key components of well-being, and, inasmuch as they protect human capital, they make a major contribution to development. When these needs are met for only certain social groups, a situation of injustice is created or perpetuated which cannot be overlooked or disregarded indefinitely.

6. The promotion and maintenance of a society's health depends on a broad range of economic, social, and political actions. However, health care is most directly linked to the protection and control of man's immediate physical and biological environment--including water supply, sewerage, refuse disposal, treatment of municipal and industrial waste, etc.--and to the provision of direct health care for the population--promotional, preventive, and curative activities carried out through establishments and services at various levels of complexity within the formal institutional system, whether public or private. Moreover, people, either individually or through their primary social units--the family, the workplace, or grass-roots social organization--have a tremendous potential capacity, which has not yet been fully tapped, for protecting and controlling their environment and caring directly for their own health.

Protection and Control of the Environment

7. Under the conventional sectoralization, functional division, and distribution of administrative responsibilities, the services that provide drinking water, sanitation, and environmental protection and control have come under the umbrella of various institutional sectors and systems, such as housing, public works, interior affairs, natural resources, human environment, or health. In general, services for rural areas have come under the health sector.

However, in practice there has been no effective coordination or complementarity of intersectoral and interinstitutional action. A good example of this is the lack of supervision and control over drinking water supply sources and over water quality between the source and the end consumers.

Health Care

8. The so-called health sector--i.e., the health services--has gradually abandoned promotional and preventive actions in favor of medical and curative measures. Resources, principally financial, have been channeled into large hospitals located in major cities. Coverage by the various

institutions--public, semi-public, and private--has been circumscribed to certain population groups and these institutions have failed to achieve any coordination between themselves, each one functioning as in isolation from the rest.

Systems in Crisis

9. Both systems are currently in very critical condition. The physical infrastructure has deteriorated through lack of maintenance and replacement, operating budgets have been cut, which has reduced operating capacity. The inefficiencies in the management of available resources has been accentuated. As a result, the services operate ineffectively and yield products of poor quality.

Reforms and Orientation

10. In the face of this situation, it is urgent that major reforms be introduced in these systems, beginning with functional and effective supplementation of the systems and services that supply water and sanitation and direct health care for the population.

This process should be guided by three basic lines: decentralization, social participation, and operational efficiency. With these lines it will be possible to optimize the use of available resources and achieve, in a practical and progressive way, universal access to services, as well as social solidarity and equity.

Decentralization

11. Decentralization is a sweeping political process, not an isolated administrative measure. It should be understood as an effective transfer of political power, which includes full decision-making capacity in regard to the use of economic, human, technological, and material resources, together with full responsibility for the results and consequences of any decisions that are taken.

This process of transfer must extend beyond the outer limits of formal institutions and reach the population itself, because only in this way will it be possible to achieve genuine social participation.

Such a process requires--without this being a contradiction--a strengthening of the central and intermediate levels in order to ensure unified national direction.

Social Participation

12. Social participation is another broad political process which is fully expressed when genuine and effective decentralization takes place.

The population should have full capacity to make decisions about needs, demands, priorities, and ways of dealing with problems and results, and should therefore have primary responsibility for health care.

The Local Level

13. The natural meeting point of these two processes is found at the grass-roots level of society and at the most peripheral

local level, toward which the decentralization process is directed and from which participation originates. It is at this level that environmental protection and control and direct health care become naturally integrated, and it is here that the values of universality, solidarity, and equity can be given full expression.

Operational Efficiency

14. The disproportion between multiple, growing, and concurrent needs and problems and scarce and limited available resources has been a constant in all human societies. As a result, it is necessary to prioritize needs and problems with a view to consolidating and making better use of existing resources.

Nevertheless, in practice, this situation is either ignored or is not given sufficient importance. This is what occurs in many health systems and services. There has been a lack of an economic mentality and awareness among the leaders, managers, and operators. Factors external to the systems and services, including the interpretation of certain values and principles, have significantly influenced this behavior.

15. The economic and structural crisis that is affecting the countries of Latin America and the Caribbean, the adjustment measures aimed at overcoming it, the consequent cuts and loss of purchasing power in the budgets for social services, the deterioration of service infrastructure, and scientific and technological development are some of the factors that make it imperative to introduce policies, systems, mechanisms, and measures to improve operational efficiency in the institutions and services. The progressive improvement of operational efficiency is a process that must be carried out strategically through a series of actions that extend far beyond the traditional mechanisms of administrative streamlining.

Articulation of the Two Systems

16. Functional articulation of environmental protection and control systems with direct health care systems will lead to better joint use of resources at the same time that it minimizes duplications and gaps. To the extent that each system functions as an efficiently interconnected network, the mechanisms of referral and back-referral between the systems will lead to greater coverage at lower operating costs.

This articulation should not be limited to the formal institutional systems. Direct participation by the population is a form of double articulation--between the two systems, and between the people and their grass-roots organizations and the most peripheral levels of the formal institutional systems.

Maintenance and Control

17. In the area of institutions and services there are operational standards that have been neglected, disregarded, or forgotten despite their importance. Ongoing maintenance, the control of physical and economic losses, and control over the use of services are factors that should always be taken into account in investment plans and proposals.

Efficiency in Demand

18. The measures aimed at achieving operational efficiency have generally been limited to the delivery of services, little attention having been paid to the wide range of action possible in relation to demand. The centralist and non-participatory tradition of the systems has helped to condition negligent and indifferent behavior on the part of the population. Decentralization and social participation provide suitable channels and means for the population to make an active contribution to the rational use of services. This, in turn, enhances operational efficiency and effective cost containment.

Recover of Costs

19. Practical mechanisms of cost recovery, conceived not only on the basis of economic criteria, sliding rate scales, and efficient collection systems permit more rational use of existing resources and the expansion of services, in accordance with the principles of universality, solidarity, and equity.

Reforms Originating at Peripheral Levels

20. The three broad guidelines for reform will lead to systems different from those that have traditionally existed. Reforms should originate at the most basic local levels of systems and then extend from the peripheral to the central level.

The "peripheral level," as it is used here, refers to the functional and organic articulation of the most peripheral levels of the State--and of public and/or private institutions--with grass-roots organizations. Based on this conception, the population assumes the role of principal protagonist. The formal institutional system must, therefore, reformulate its roles and responsibilities.

The Population and Self-care

21. People--within their families, workplaces, and grass-roots organizations--cease to be passive objects without any responsibility for their own health care. They become active and responsible participants, both in terms of carrying out certain direct actions that affect them and their immediate environmental surroundings and in terms of their involvement in the management and operation of the peripheral services of formal institutional systems.

22. In order for people to become active and responsible participants it is necessary to reverse a historical process. The truth is that the formal institutional systems have progressively stripped the population they were intended to serve of all direct responsibility. In fact, many experiences involving so-called "community participation" have merely been a means of obtaining unpaid labor to carry out actions that were decided on unilaterally by institutional techno-bureaucracies.

If this process of alienation is to be reversed it will be necessary to establish an effective process by which to transfer pertinent and understandable information, solid and useful knowledge, adequate and assimilable skills, appropriate and adaptable instruments and means, and full and irrevocable responsibility. This process of

transfer should be carried out through innovative, but carefully designed, actions and mechanisms. Ongoing practical training, supervision--in the educational rather than the control sense--, and continuous technical support are effective tools for this purpose.

23. The content of the transfer process includes: lifestyles and hygiene habits; selection, care, and utilization of food; quality control and disinfection of water and reduced consumption thereof; minimization of the non-sanitary elimination of excreta and solid wastes from the places in which people live and work; vector control; monitoring of the growth and development of children; prevention and early diagnosis of prevalent diseases and initiation of simple, effective, and safe treatments; timely referral to formal health care and water and sanitation services, etc.

24. It is proposed that term "self-care" be used to refer to the development and application of the foregoing concepts.

There are always difficulties and dangers inherent in the use of terms, especially when these have been used previously to refer to different or apparently similar concepts and forms. In addition, if the concept is already well-known and a certain body of experience has grown up around it, the assignment of a new sense is liable to invite controversy and criticism. Nevertheless, this term has been chosen because it is the one that best expresses everything explained above.

Shared Local Responsibility

25. In an effective process of decentralization the most peripheral layers of the State and the formal institutional systems--both public and private--are articulated, at the local level, with the various expressions of civil society, mainly grass-roots organizations. Any decentralist and participatory model obliges a substantial redefinition of the roles of the various social participants.

Decentralized and Participatory Local Government

26. Local or municipal governments should be reformed as part of the indispensable modernization of the State. It is a fact that in many countries there continues to be a gap separating the population from the government at the local level. Governments at this level reflect and reproduce many of the defects and behaviors of central governments and the State in general in the sense that they tend to be centralized, authoritarian, bureaucratic, and non-participatory. Some of the reforms that will facilitate smoother operation and greater effectiveness of both environmental protection and control systems and direct health care systems need to take place at the level of local governments. Examples of such reform might include greater decentralization of local governments that cover very large geographical areas and/or populations, legislation concerning local governments that acknowledges this situation and proposes specific formulas, such as "municipal delegates" or "municipal agencies," etc.

Local governments, thus decentralized, need to expand their decision-making components and advisory structures in order to incorporate representatives from the various traditional institutions of civil society and the grass-roots organizations, as well as from the technical levels of the formal institutional systems at the local, regional, or national level.

Integrated Local Health Systems

27. Integrated local health systems should be established as the basic units within national health care systems. They should not be considered simply a level of care but rather the minimum political-administrative structure capable of responding to the health needs and demands of a population group, based on the levels that are deemed equitable and just in a given society. Local health systems incorporate a whole range of resources, from the least complex (lay midwives, health auxiliaries, etc.) to the most complex (hospitals of all types), without overlooking the health resources that social groups can offer. They are, then, articulated networks of services and resources, both institutional and from the community.

28. The most peripheral formal institutional elements of local health systems are the health posts and centers. These components are responsible for creating and maintaining the conditions that make self-care possible. The transfer of information, knowledge, skills, instruments, means, and responsibilities, as well as supervision and technical assistance--both concerning the protection and control of the environment and environmental hazards and direct health care for the population--becomes the principal function of health posts and centers.

Water supply and sanitation services and hospitals--the latter as a component of the integrated local health system--provide support at more complex levels.

The New Role of the State

29. In order for the principles of universality, solidarity, and equity to be upheld, especially in societies that are characterized by poverty, indigence, and tremendous inequalities, the active presence of the State is indispensable.

It is an irrefutable fact that the State in Latin America and the Caribbean has undergone a serious and dangerous process of deterioration. Growing centralization and bureaucratization, alienation and indifference to the needs and demands of the population, indiscriminate intervention in the ownership, management, and operation of systems and services, etc. have contributed to the inefficiency of the State and, to a certain extent, to a loss of legitimacy. As a result, the State needs to be reorganized and modernized and its role redefined at each of the levels at which it acts.

Such a redefinition is particularly essential in the area of responsibility for the systems that protect and control the environment and provide direct health care for the population.

30. Decentralization, social participation, and operational efficiency require a strong State: one that is capable of fulfilling its role in terms of guidance and leadership,

facilitation of economic recovery processes, and promotion of social development in the countries.

The State also has its own specific responsibilities, which include standardization, supervision and, in some cases, regulation and control of the actions of social participants in the processes of development. This onerous responsibility should be carried out mainly through mechanisms of negotiation and consensus.

Ineluctable Responsibilities of the State

31. Health care for poor and indigent groups, as well as health care in areas for which other social groups are unwilling take responsibility, must ultimately be the ineluctable responsibility of the State.

In societies such as those in Latin America and the Caribbean, the State must play a very important role in the acquisition and channeling of financial resources if the principles of universality, solidarity, and equity are to be upheld.

Promotion of the Private Sector

32. The private sector can play a more prominent and responsible role in health care. This is a complex sector that comprises a number of distinct systems. There is a nonprofit private sector, which includes lay and religious volunteer organizations, cooperatives, and entities that are linked to revenue-earning enterprises. There is also a for-profit sector, which is commercial, cooperative and includes the private practice of health professionals. All of these are interrelated, in different ways and to different degrees, with the systems of the public sector and social security, which sometimes makes it difficult to know what approach to take in dealing with them. Some of them also have operational inefficiencies that need to be corrected.

33. As private-sector involvement is promoted, through well-defined and stable policies, the population groups that have the greatest purchasing power or those that are covered by social security can cease to be users of public-sector services. As far as drinking water and sanitation services are concerned, private enterprise can help to improve levels of coverage and quality of services, by virtue of its administrative flexibility, greater availability of credit, and institutional stability. Through different mechanisms, the private sector can intervene as a financial agent, owner, and/or total or partial operator of services and/or activities.

Financial incentives, tax credits, and other fiscal and economic measures, applied within regulatory frameworks in which rights and obligations have been clearly defined, can induce very positive social behavior by the private sector.

Nongovernmental Organizations

34. Nongovernmental organizations (NGOs) and other voluntary forms of participation by civil society, should have a very important role and responsibility in the promotion and application of reforms in health care systems. In practice, they have demonstrated a great capacity and potential for promoting different and innovative solutions that can help to make the principles and lines of orientation proposed herein a reality.

Reform as a Political Process

35. The implementation of reforms is a political process. Although the reforms themselves are based on studies and interpretations of the reality in which they are to be applied, the decisions regarding their selection, definition, form and sequence of execution, follow-up, evaluation, etc., are basically political. Hence a reform process entails strategic and political management.

One of the essential elements in the conduct of a political process is the continuity of the support that backs up the decisions, at the time they are taken, as they are being executed, and, above all, in the face of the consequences they produce. It is thus necessary to achieve a consensus that expresses a commitment by the majority of national society. Building this consensus is an important aspect of political leadership.

Investment in this Context

36. At present there is an urgent need in Latin America and the Caribbean to overhaul the deficient service infrastructure and expand it in accordance with national possibilities and in keeping with the principles of universality, solidarity, and equity.

37. Investments, when it is simply channeled into a series of projects, even if these are technically well designed, can serve to entrench situations that are considered unsatisfactory and negative. It can also reinforce obstacles and resistance to needed change. Something very different happens, however, when investment is part of a process of justified reforms. In this context investments become strategic actions that help to bring about reform, as well as vital strategic elements of social policy in a context of economic crisis.