



PAN AMERICAN HEALTH ORGANIZATION
Pan American Sanitary Bureau, Regional Office of the
WORLD HEALTH ORGANIZATION

**MULTILATERAL FUND FOR THE DEVELOPMENT
OF PREINVESTMENT ACTIVITIES FOR THE
REGIONAL PLAN FOR INVESTMENT IN THE ENVIRONMENT AND HEALTH**

August 1992

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INTRODUCTION

The lack of a sustained policy of investment in the areas of health and the environment has been one of the principal causes of the deterioration of public health in the Region, which has had a serious impact on the quality of life and the productivity of the peoples of the Americas.

It is urgent that a policy be adopted that will lead to substantial improvement in the near future through the rehabilitation of operational infrastructure, which at present is in a very deteriorated state, as well as through the expansion of this infrastructure in order to reach the areas and segments of the population that currently lack basic services. Implicit in all this is the need to define or redefine the responsibilities of the various sectors and develop the institutional capacities required in order to carry out the activities that will lead to satisfaction of the demands of the population.

In this context there is a need, inter alia, to systematically promote the identification and formulation of proposals for investment projects to improve physical systems and develop institutional capacity. These proposals will serve to initiate the respective processes of mobilization of technical, technological, and financial resources.

One of the major problems encountered by the countries and by financing agencies in the identification and formulation of these projects is the absence of current, detailed sectoral studies that make it possible to establish priorities and determine social and financial feasibility. An added difficulty is the limited capacity existing in the countries at present for the formulation of proposals and project profiles.

With a view to contributing to the solution of the aforementioned problems, the Pan American Health Organization has developed a REGIONAL PLAN FOR INVESTMENT IN THE ENVIRONMENT AND HEALTH, which provides for the creation of a preinvestment fund to support the formulation of National Plans of Investment and the preparation of concrete bankable projects.

In order to proceed with implementation of the Regional Plan for Investment in the Environment and Health, over the next decade it will be necessary to activate mechanisms that will ensure the development of preinvestment activities in the countries of Latin America and the Caribbean. These activities will be aimed mainly at strengthening the technical, information, institutional, and human infrastructure in every country with a view to identifying priority projects and formulating the respective profiles.

The establishment and operation of a Preinvestment Fund is essential to the success of the Regional Plan, inasmuch as it will provide the wherewithal to allow the activities to actually be carried out.

In addition, this Fund will have the advantage of serving as an instrument for coordinating the participation of the various agencies and governments that will support and be involved in the Regional Plan.

Presented below are the terms of reference for the establishment and implementation of a MULTILATERAL FUND FOR THE DEVELOPMENT OF PRE-INVESTMENT ACTIVITIES FOR THE REGIONAL PLAN FOR INVESTMENT IN THE ENVIRONMENT AND HEALTH.

TERMS OF REFERENCE

1. OBJECTIVES OF THE FUND

The overall objective of the Fund will be to facilitate development of institutional, technical, and human capacities to carry out the Regional and national activities needed in order to generate the instruments and data that will support the processes of negotiation of funding for investment.

Within this context the specific objectives are:

- To support the development and consolidation of methodologies, procedures, techniques, and instruments for the execution and maintenance of sectoral analyses, which will serve as a basis for the identification of needs and the establishment of priorities in each country participating in the Fund and for the formulation of national and local policies and plans.
- To support the development and strengthening of the managerial and technical capacity of the health and environment sectors in the countries, with a view to facilitating the preparation of sectoral studies and analyses, the development of policies and plans, and the formulation of projects.
- To provide technical assistance to the countries participating in the Fund in the actual preparation of studies and analyses, as well as in the establishment of policies and plans, and the formulation of investment project profiles.

2. BENEFICIARIES OF THE FUND

The beneficiaries of the Fund will include all the national governments and, through them, the public and private institutions which in the governments' judgment contribute to achievement of the objectives of the Regional Plan for Investment in the Environment and Health.

3. ESTABLISHMENT OF THE FUND

It is understood, as is set out in the document containing the proposal for the Regional Plan, that preinvestment activities will continue to be carried out throughout the 12 years of the Plan's existence. It is estimated that during the first three years, the Fund will take in a total of approximately US\$20 million through voluntary contributions from the countries of the Region, financial cooperation agencies, bilateral and international technical cooperation agencies, voluntary contributions from private and nongovernmental organizations, as well as other forms of participation by segments of civil society. In addition, an attempt will be made to promote increasing coordination between the applications of the Fund and those made through other mechanisms of preinvestment in health and the environment operating in the Region, such as those managed by IDB and the World Bank.

The amount of resources for preinvestment anticipated for the first year of operation is US\$7 million. At the end of this first year an evaluation will be undertaken in order to determine how the amount estimated for the second and third years will be raised. During the third year of the Fund's operation another evaluation will be done in order to determine the total amount of resources necessary for preinvestment during the remaining nine years and how this amount will be raised.

4. GENERAL POLICIES OF THE FUND

- With a view to generating a permanent mechanism of support for the implementation of the REGIONAL PLAN FOR INVESTMENT IN THE ENVIRONMENT AND HEALTH every possible attempt will be made to recover the applications of the Fund, utilizing for this purpose the criteria established in the operational instruments of the Fund.
- The applications of the Fund will supplement, not replace, the efforts that the countries are expected to undertake in accordance with their respective Multi-Year Plans for Investment in the Environment and Health.
- The applications of the Fund will respect the concepts contained in the Regional Plan for Investment in the Environment and Health, approved by the Governing Bodies of the Pan American Health Organization and the II Ibero-American Summit of Presidents and Heads of State, held in Madrid in July 1992.
- The contributions of the countries will be voluntary, but a country must have made a contribution in order to have access to the Fund. The utilization of these monies will be determined according to the operational mechanisms of the Fund and by common agreement with the contributors.

5. INITIAL ACTIVITIES UNDER THE FUND

During its first year of operation, the Fund will be utilized mainly for activities designed to lay the necessary groundwork for continued operation of the Regional Plan. These activities may take place at the Regional or national level and may include:

- a) Development of methodologies for the preparation and updating of sectoral studies; formulation of policies, plans and projects; and development of instruments for their application.
- b) Development of teaching materials for the dissemination of methodologies and instruments and the implementation of training activities.
- c) Preparation and updating of sectoral and institutional studies in the countries and preparation of a sectoral diagnosis at the Regional level.
- d) Support for the drafting of national policies and plans for investment and sectoral and institutional development.
- e) Identification of investment opportunities and support for project development.

During the first year (1993), it is estimated that the resources will be distributed as follows:

a)	General coordination and support	US\$400,000.00
b)	Development of application methodologies and instruments	500,000.00
c)	Direct support to the countries:	
	- dissemination of information and training	1,100,000.00
	- sectoral studies and preparation of policies and plans	2,000,000.00
	- project development	2,500,000.00
	- specific institutional development	<u>500,000.00</u>
	TOTAL:	US\$7,000,000.00

Based on the initial discussions regarding the establishment of the Fund, the following scheme of contributions for the first year (1993) is considered feasible:

a)	PAHO	US\$1,000,000.00
b)	Brazil	700,000.00
c)	Mexico	700,000.00
d)	Spain	700,000.00
e)	Other Latin American countries	900,000.00
f)	Multilateral financial agencies	2,000,000.00
g)	Other donors	<u>1,000,000.00</u>
	TOTAL:	US\$7,000,000.00

6. ADMINISTRATION OF THE FUND

General operational coordination will be the responsibility of an Administrative Council comprising the principal multilateral and bilateral contributors and the representatives of the countries and other donors. The Director of the Pan American Sanitary Bureau will head this Council and will ensure the necessary support from the Bureau, which will serve as the secretariat.

The Council will have the following functions:

- a) Orientation for the development of activities under the Fund.
- b) Approval of criteria for the analysis of requests and the allocation of resources for preinvestment based on the requests and respective technical proposals submitted by the countries.
- c) Evaluation of the activities under the Fund and recommendation of the adjustments needed in its organization and operation, based on the evolution of the Regional Plan.

The initial phase of management of the Fund will include the definition of operational mechanisms and general policies of use and management. These definitions will result from negotiations and agreements with other international and bilateral agencies. In the course of these negotiations, detailed operational mechanisms will be defined for the establishment, application, and management of the Fund. In addition, an attempt will be made to harmonize the requirements for data, information, policies, and procedures of the various national and international agencies in order to streamline the processes of analysis and decision-making relating to proposals for funding.

The Administrative Council, with support from the Pan American Sanitary Bureau as the secretariat, will prepare a report on the progress of activities under the Fund for presentation to the Latin American leaders at the III Ibero-American Summit, to be held in Brazil in 1993.