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Meeting: Mr. Pablo A. Pulido
President
Inversora Centro Cientifico La Trinidad, Venezuela

Monday, July 14, 1997
6:00 - 6:30 p.m.
JDW Office

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A. CLASSIFICATION

- [x] Meeting Material
- [ ] Trips
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- [ ] Corporate Management
- [ ] Communications with Staff
- [ ] Phone Logs
- [ ] Calendar
- [ ] Press Clippings/Photos
- [ ] JDW Transcripts
- [ ] Social Events
- [ ] Other

B. SUBJECT: MEETING: MR. PABLO A. PULIDO, PRESIDENT, INVERSORA CENTRO CIENTIFICO LA TRINIDAD, VENEZUELA (B) (N)
VENUE: MC 11-123 (OFFICE)
CONTACT: TRINI FUENTES @ 582-933122 // FAX: 582-934275
IN ATTENDANCE: JDW, MR. PULIDO (ONE-ON-ONE)
7/3 CFMD VIA FAX
(B) BY BURKI // DUE THURSDAY, JULY 10
EXC: MM // LFG (7/2)
Brief includes:
- Note from Xavier Coll, July 9, 1997
- "The Multilateral Development Banks and Health" by Pablo A. Pulido

DATE: 07/14/97

C. VPU

Corporate
- [ ] CTR
- [ ] EXT
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- [ ] MPS
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- [ ] SEC/Board
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Regional
- [ ] AFR
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- [x] LAC
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Central
- [ ] CFS
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- [ ] FPD
- [ ] FPR
- [ ] HRO

Affilliates
- [ ] GEF
- [ ] ICSID
- [ ] IFC
- [ ] Inspection Panel
- [ ] Kennedy Center
- [ ] MIGA

D. EXTERNAL PARTNER
- [ ] IMF
- [ ] UN
- [ ] MDB/Other IO
- [ ] NGO
- [ ] Private Sector

- [ ] Part I
- [ ] Part II
- [ ] Other

E. COMMENTS:

File Location	Cleared By	Date:
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BRIEFING NOTE FOR MR. WOLFENSOHN'S MEETING WITH DR. PULIDO
(July 14, 1997)

Why is Dr. Pulido meeting with J. D. Wolfensohn?

Dr. Pablo Pulido, President of a Venezuelan organization that promotes privately-sponsored health projects, will be in Washington attending a Conference organized by the IFC on opportunities and risks on investments in private hospitals in developing countries. He requested Mr. Wolfensohn's thoughts on the issues and challenges of health systems in Latin America and the President's opinion on a paper presented by Dr. Pulido at a meeting in Cuernavaca, Mexico.

Background

The IFC conference that Dr. Pulido will attend on July 14-15, 1997, *Investing in Private Hospitals and Other Health Delivery Systems in Developing Countries: Opportunities and Risks* represents IFC's initial effort to study the potential for investment opportunities in the private health sector. While in the past IFC has supported a small number of projects in the sector, it had never before systematically explored the viability of its increased involvement.

The study focuses on hospitals as the IFC considers them to offer the best investment opportunities in the sector. It comes at a most appropriate time given the Bank's expanding role in HNP, and the increased interest in the role of the private sector. The Bank has been involved since the start in the design of the study. Several Bank HNP staff constituted an informal advisory group to the IFC.

Given the interest on the subject and the potential for future collaboration between the two Bank Group institutions, the Conference will include a substantial number of Bank staff both as presenters and participants.

Material attached for Dr. Pulido

(a) Brief analysis of the key issues facing the HNP sector in the LAC Region;
(b) description of the Bank's HNP policy and response to support the Region's reform strategies, including an account of the Bank's HNP-related portfolio in LAC;
(c) commentary to Dr. Pulido's paper;
(d) recent field report from the Task Manager of the current status of the Bank-financed Venezuela Health Services Reform Project as well as an updated version of the status of disbursements of HNP-related projects in the country; and
(e) Sector Strategy Paper (SSP) for HNP.

Dr. Pulido's paper

Dr. Pulido's observations include: (a) the increasing role of multilateral development Banks and the fading influence of other international agencies in the health sector, and (b) the importance for the involvement of civil society in defining the health sector agenda. His recommendations for multilateral development banks point in the direction of strengthening their technical excellence, decentralizing resources to the field, improving the collection and dissemination of knowledge, and proposing the creation of new and more flexible lending instruments. You may want to point that the Bank's current reorganization is precisely moving in this direction. The recent sector strategy paper for HNP (attached) provides a detailed response to most of Dr. Pulido's concerns regarding the role of the Bank in the sector.

Talking points

In your conversation with Dr. Pulido, you may want to highlight that: (a) the LAC Region spends a larger percentage of GDP in health than any other group of countries in the world with the exception of industrialized countries (6 percent and 7.8 percent, accordingly); (b) adjusting for income differences, LAC's health achievements are below those of other Regions (with the exception of Africa and the Middle East); (c) private-sector spending in the Region is almost as large as public sector spending, a higher share than any other Region and almost 50 percent more than industrialized countries; and (d) the Region suffers from a pervasive fragmentation of health systems (typically public sector, social security and private sector) resulting in a duplication and lack of integration of services where the public sector is unable to carry out its basic normative and regulatory function and underperforms in its role as a direct service provider.

You may also want to convey that one of the Bank's key policies in the Region is to foster a better balanced public/private mix, including greater private sector participation, such as private co-financing and management, and contracting out of public services, and trusts (particularly the transformation of public hospitals into autonomous institutions).

On LAC's HNP portfolio you might want to mention that the Bank is currently funding 30 projects in 18 countries with a total amount of US$2.5 billion. In the past five years, LAC's lending in health has represented an average of 30 percent of total Bank HNP lending.

On Venezuela, you might want to discuss with Dr. Pulido his concerns about implementation progress of the Bank-financed Health Services Reform project, particularly regarding the need to develop institutional capacity and community participation. Despite initial difficulties in the implementation of the Bank's HNP portfolio, there are recent signs of improvement. These are reflected in the task manager's informal report from the field of July 8, 1997. (Attached)

Briefing prepared by Xavier Coll, extension 31987
July 9, 1997

La Trinidad Teaching Medical Center

A Non-Profit Institution

any income and/or revenues are directed to self renewal and development

Meeting with JDW
World Bank
Monday July 14th, 1997

18:00 hs

1. ***The Multilateral Banks and Health.***

2. ***Venezuela :Country needs and opportunities.***

3. ***Innovative Demonstration and practical projects, of relevance as National Projects in Health.***

   - La Trinidad Teaching Medical Center
   - La Trinidad Health Tech & University
   - Emphasis in Information and financing alternatives,
   - Health Systems Informatics & Quality – Equity Managed Care.

4. ***Innovative financing in Higher Education:***

   - Metropolitana University,
   - Industrial Park & Rental Area
   - Emphasis in Communications Technology & distant learning
   - Data bases oriented to problem solving

" THE MULTILATERAL DEVELOPMENT BANKS AND HEALTH"

Pablo A. Pulido M., MD. FACP.,

For the meeting "Reunión Regional para las Americas sobre el futuro de la Salud Internacional

Cuernavaca, Estado de Morelos, México, February 3-4th , 1997

Edited for meeting with James D. Wolfensohn

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" It is desirable and fine to have good ideas, but even more important is to put them into action" ....(1).

1. Introduction and scope of the commentaries.

The purpose of this document is to:

- Focus on the critical success and emerging factors for the MDB's,
- Review the structural and catalytic actions in a country in Latin America, i.e., Venezuela, which I know best, and,
- Focus on the future challenges which clearly bring the need of a dynamic, sincere and both effective and efficient reengineering process, or at a minimum, a re-equilibrium of current actions.

1.1 Background

There is a general consensus of "discontent" about the current role of the International Organizations in Health and the feeling that much of the gap in their expected actions is being performed by the emerging presence of the MDB's. This reality prompted the organization and development of the first Pocantico gathering. (2) .

The state of "degradation" perceived in some areas, particularly in the lack of effectiveness of their actions, can be explained by a certain fear of modernism, which is characterized by the challenge of becoming productive and fully competitive in a rapidly changing market oriented environment. Therefore, the adaptation of these organizations to modern times has not occurred at the needed pace. The fact that this adaptation has fallen behind is exemplified by the increasing poverty levels and the lack of fulfillment of the basic needs of the populations, at least in terms of health....

Certainly there have been positive actions in some limited areas, but the general deterioration much attributed to the lack of enlightened leadership and the persistence of an overwhelming majority unwilling to change are factors to be considered. Moreover, the "inability to deliver" perhaps could be linked clinically to a state of "anomie" a sign characteristic of some societies of our times, and defined as a "pathology of the collective normative system, a state of the social system that leads its members to consider, ...and this is important....exertion for success meaningless....because they lack a clear definition of what is desirable" ,(3), in other words the lacking of concrete goals and a managerial organization to perform ...

The participation of the MDB's has been welcomed mainly for economic reasons: as financial institutions, they can provide the economic resources need. Their acceptance is further enhanced when they provide technical expertise and combine it with an awareness for the recipient's needs. The MDB's recognize that the governments, technical and health care institutions need more efficient economic and social performance.

It is in this regard that the 1993 World Development Report of the World Bank (4), has become a classic, as it marked a new trend in broadening the focus of the MDB's so as to look not only for the strict purpose of these organizations, i.e., the banking and financing , but in addition to profitability , the taking into consideration other factors affecting the "social health" of the Country members.

The strength of the MDB's mainly the IDB and the WB relies on their economic capacity enhanced by the acquisition of technical expertise in the social disciplines, closely applicable and related to the specific projects in which they are involved. In addition, they have joined forces in the health area not only with the Ministries of the Health Sector but with the

Ministries of Finances and the whole area of Economics, Education, Planning and Social performance, i.e., the "Ecology" of the organizations that intervene and have an active role in Health.

2. The Ecology: the MDB's and the surrounding environment.

The moving from purely financial operations to health care operational and direct technical assistance has been a major change to induce modifications in key policies.
Frenk et al. ,(2) mention several important points and critical factors which can be highlighted:

2.1. Facts...

The MDB's role is growing economically and therefore technically. Almost 90% of the assistance in health comes from agencies apart from the World Health Organization, WHO, (5). The Investing in Health ,1993 WB Report (4) marked a shift in the leadership in International Health from other organizations. In addition the MDB's are equipping themselves with a well-educated cadre of scholars, economists and experts in the social sciences which reinforces the thought that success comes from the people that make the organizations work.. It is indeed an organic result and certainly it is not mechanic. The MDB's seem to have economic resources and are building up a team with well-prepared and educated people.

2.2. Increasing role..

The enhanced role of the MDB's has been based in their focus on Human Resources Development, an organic factor. There is no way in which we can develop "Republics" without the people to run them. In addition, there has been a dramatic decline of other international and national organizations mainly for economic reasons and for a lack of interest in self-renewal. There is of course much to be seen regarding the strategic alliances that may occur between the MDB's and the formative or educational agencies such as the Universities and other Technical Institutions in Health, but the seed is there and the needs are very apparent.

There is also the challenge to bring together interdisciplinary actions to develop solutions, for example Health Policies and Health Reforms, which have a systemic approach.

Last but not least, the increasing role is based on the credibility given by macroeconomic approaches and the funding of specific high impact projects.

3. Issues raised:

The participation of the MDB's in health has raised the need for a profound analysis of both objectives, and economic and social results. The main issues raised are the following:

- The need for stronger teamwork between the Ministries of Health and Social Welfare, including Education, with those of Finance.
- The recognition that Economy is a vital force to develop any Health Care Reform.
- The need to avoid the duplication of activities and confusion, created by the work of many institutions in the same area.
- The clarification of the countries' sovereignity in their own affairs.

- The application of the best approaches to reduce the burden of disease and disability.
- The prioritization on how to best organize, finance and manage health care systems.
- The recognition that there is no simple, single solution or blueprint. Thus, specific priorities and operational goals are country specific.
- On approaches to intervention, the use of several dimensions: disease specific vs. system wide, neoclassical public health vs. health system reform....focus on the role of the State addressing disease controlled priorities and "packages" of cost-effective services (4)
- The recognition that new actors like the civil society and the NGO's are active participants.

A crucial role in developing Health Care Reforms, helping to recognize and overcome obstacles bound to any institutional reform.... With the concept that any real Reform will take time.

4. Country performances, the case of Venezuela:

We can loose or win, but if we want to win, we must change.... (6).

From the project allocations and implementation of resources (7), see table I, roughly only 15% of the total funds approved by the WB have been used. A basic program related to Health Care Reform had only used 1.8 % of the allocated funds as of data available of November 1996.

One needs to find the reasons for not using the very much-requested funds. Granted that there is a complex bureaucratic framework that decreases any desire for efficiency. Nevertheless, there is ample field for improvement and for developing systems of participation and capabilities that would allow the community to find adequate solutions for the care of their people.

Given the assets, liabilities, and threats that play a role in the ongoing Health Reform in Venezuela and other countries in Latin America,(8) there is a growing need to use MDB's technical assistance in developing specific educational programs in Management & Organization, health and the changes needed to build a cost-utilization culture geared to social results and productivity.

5. Challenges :

Reduction of poverty needs not only sustained economic growth but also requires other known inputs such as health, nutrition, education, and housing; fundamentally access to capital and property as well as employment. The emphasis has been placed perhaps on the distance the State keeps from the civil society. In Latin America and the Caribbean, income distribution has been extremely concentrated, where the "have not" are many and participate minimally from the national income. New alliances between the State, civil society, NGO's and the private sector to create modern institutions to catalyze social welfare are very much needed.

MDB's can provide the management needed, as well their knowledge on the "best practices" to develop practical partnerships or joint ventures in the region. The MDB's are challenged to:

- Maintain independent and multinational databases of people, institutions, projects and best practices for benchmarks.

- Strongly support the combat of endemic and epidemic & neglected diseases.
- Transfer knowledge from highly sophisticated technological forums to needed areas, i.e., Cancer, HIV. This would bind results of research in advanced biotechnology with research performed in for profit organizations and further bring results from this research to the public and the "have not"
- Foster the knowledge and application of the new tools in teleinformatics and telemedicine, a dynamically advancing field.
- Have a role in the ongoing changes of the Social Welfare System...accelerating the decision-making process and resource allocation to reach minimum health coverage at the highest possible quality.
- Open space for Governments and Civil Society and its constituencies to face each other, work together and decide on priorities and crucial issues, avoiding procrastination and promoting innovations. MDB's must be aware of the level of local developments to adapt and sustain successful projects.

6. Reengineering at the MDB's :

To cope with the new scenarios of health and economic and social development, the MDB's must maintain a continued improvement process to work effectively in the issues raised and the ecology factors discussed above. Among a number of important steps are:

a) Review in detail the MDB's functional structure, to prevent over centralization, strengthen local offices with partnerships, develop local talent , limit the "travel culture" and have every single visiting mission with a clear purpose, justification and most importantly with the proper follow up.

b) Decentralize the decision-making process: bringing local expertise and experiences into partnerships for action. It would imply the participation of local well-recognized institutions and individuals in a working-consulting board.

c) Strengthen the local Mission/Residence Offices by interacting with local NGO's scholars and practical individuals, to foster the development of projects and to offer expertise and a sounding board for other projects.

d) Review performance and partnerships with local NGO's through "social audits" as an independent weapon to make sure that the funds are used for the stated purposes and within the proposed schedule and application. This catalytic function should serve to expedite and make more efficient the use of resources.

e) Enhance the linkage with the local and international civil society to further train and educate the human resources already receiving support, thus building up a better-educated community, which in turn would enhance the results of the projects involved.

f) Create **a special fund**, to serve as a resource through which the local MDB's offices could participate in special "demonstration & innovative" projects. These funds used in a catalytic fashion could enhance the participation of the NGO's and other sectors of the Civil Society in a competitive manner. This non-bureaucratic special fund, perhaps of the order of 10% of the total funds for a Country, would help to erase the image of "slow metabolism" which has characterized some of the work of the MDB's.

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1. Mendoza G. , Eugenio. Boletin Interfundaciones, # 1, Caracas, Venezuela, 1980.

2. Pocantico Retreat, 1996. Enhancing the Performance of International Health Institutions. Harvard University Center for Population Studies, Cambridge , MA. "The Multilateral Development Banks and Health" Julio Frenk, Catherine Gwin and Joan Nelson.
3. Parsons, Talcott (1968) in D.L.Sills, editor, International Encyclopedia of the Social Sciences, Vol.4, London and NY: The Free Press of the Macmillan Co., as discussed by Anibal Romero , "Rearranging the deck chairs on the Titanic"...The agony of Democracy in Venezuela. , delivered at the meeting of the Latin American Studies Ass., Washington, Sept. 28-30, 1995.
4. World Bank Development Report, Investing in Health, 1993.
5. Pan American Health Organization. Seminar on Rethinking International Technical Cooperation in Health. Technical Report PAHO / DAP/ 95/7.17, Washington , DC, 1995.
6. Cited by Paul Brucker, Jefferson University Global Advisory Board meeting, Philadelphia , 1995.
7. World Bank Office, Caracas, Venezuela , Nov. 22nd , 1996.
8. Pulido, M. Pablo A., Medical Practice and Medical Education in Latin America, in Education for Health, Vol.9 (3), 1996, 289-306.

TABLE I

WORLD BANK PROJECTS IN VENEZUELA

FY	Project	(US $ Million) Loan	Non used funds	%
Management of Natural Resources and Rural Poverty				
1992	Investments in the Agricultural Sector	160.0	124.0	77.50
1995	Other Agricultural Extension Programs	39.0	38.5	98.72
1995	National Parks	55.0	53.8	97.82
	Sub total	254.0	216.3	85.16
Infrastructure				
1993	Roads & Management Development	150.0	141.0	94.00
	Sub total	150.0	141.0	94.00
Modernization of Public Sector and Private Sector				
1990	Technical assistance	30.0	16.5	55.00
1993	Development of the Judicial Infrastructure	30.0	27.6	92.00
	Sub total	60.0	44.1	73.50
Environment and Urban Development				
1992	Slum and Community Development & improv.	40.0	31.7	79.25
1994	Urban Transportation Systems	100.0	91.0	91.00
1996	Water Supply and Major Programs,(Monagas)	39.0	39.0	100.00
	Sub total	179.0	161.7	90.34
Human Resources				
1991	Social Development	100.0	70.4	70.40
1992	Educational Reform	58.0	45.5	78.45
1993	**Endemic Diseases Control**	**94.0**	**71.0**	**75.53**
1994	Basic Education	89.4	86.6	96.87
1995	**Health Care Reform**	**54.0**	**53.0**	**98.15**
	Sub total	395.4	326.5	82.57
	TOTAL	***1038.4***	***889.6***	***85.67***

Source: World Bank Office, Caracas , Venezuela
November 22nd, 1996