In April 2000 representatives from several international donor organizations conducted an electronic roundtable to look into their “crystal balls” and imagine a future for donor collaboration in health sector reform in the Americas. The participants were José Luis Zeballos Zelada, coordinator of the Pan American Health Organization’s program for Organization and Management of Health Systems and Services; Bill Savedoff, senior economist at the Inter-American Development Bank’s Sustainable Development Department; Girindre Beeharry, World Bank economist; and Rafael Flores, World Bank economist. Moderating the discussion was Karen Cavanaugh, health systems advisor with the United States Agency for International Development’s Division of Health Policy and Sector Reform.

Karen Cavanaugh: As we enter the new millennium, international cooperation for health sector reform in the Americas faces tremendous new challenges. We work in an environment shaped increasingly by both globalization and decentralization. In this complex environment, donor collaboration may become a necessity rather than an option. Private foundations and civil society organizations challenge us to work with a broader array of partners. Tremendous innovations in science and information technology hold great promise for the Region of the Americas.

José Luis Zeballos: Our response should be proactive and not simply reactive to globalization. We have a technical and moral responsibility to guide countries to implement reforms that pay attention to equity. For countries already undergoing reform, I envision potential international cooperation in health in:

• strengthening the steering role of the State
• developing managerial capacities for decentralization
• improving mechanisms to assure social protection for those most in need
• designing reforms based on equity
• revitalizing public health as an essential function of the State
• regulating the market to avoid exclusions
• creating effective advocacy mechanisms to put health high on the development agenda
• linking health and the environment
• finding effective mechanisms to transfer technology

**Bill Savedoff:** In my mind, globalization and decentralization present very different opportunities and challenges. Globalization presents opportunities when higher productivity leads to lower prices for such inputs as medical supplies, knowledge about innovations in management and medicine spreads faster, and interdependent countries sense more urgently the need to work together to improve food safety and epidemiological surveillance. Globalization challenges the health system by affecting the supply of medical personnel. Latin America and the Caribbean have very poor systems for attracting, educating, and motivating medical personnel. In the face of liberalized markets, medicine will see qualified people going into other professions, leaving their countries, or concentrating exclusively on private practice. International organizations have barely scratched the surface of looking at medical personnel in terms of the rapidly changing dynamics of labor markets.

Decentralization is another quandary. The main challenge for international cooperation here is to improve the transfer of “management technologies”—a fancy term for “how to run your health facilities.” This includes the “nuts and bolts” of how you keep accounts in a health clinic in a small rural area when the nearest bank is hours away, as well as who will manage referrals, purchases, waste management, contracting, and hiring and firing. The list goes on and on. Decentralized health facilities need to learn how to do these things, just like any other startup business would.

How can this be done? I think the role of international cooperation in identifying and disseminating methods, guides, and training courses is crucial. I am not so sanguine about our abilities to do this. International agencies already spend enormous amounts of money on these, with little to show for it. Our “best practices” and research are often too general to be of use or are inadequately disseminated.

Harnessing technology? I think the international community can do a lot of harm in this area. The health sector has an insatiable appetite for technology, much more than other sectors. And the most advanced technology is often justified on the basis of “giving patients the best” or “not falling behind.” Following this approach can lead to providing great services to the few, or even worsening services by draining resources from the most cost-effective activities. The challenge here is to make sure that technology does not take the “driver’s seat.” The international community should help countries identify their problems first. Only then should we look at emerging technologies to see if they provide the best solutions. My sense is that technologies will only be as effective in health system improvement as the capacities and intelligence of the staff who are supposed to use them.

**Karen Cavanaugh:** Jose Luis and Bill have highlighted some interesting directions for the future agenda in international cooperation in health sector reform. Jose Luis is encouraging us to keep our focus on helping countries achieve greater equity. Bill is suggesting we need to help countries pay greater attention to medical personnel and basic management of health services. Neither one of them seems particularly enamored of innovative technologies as the international community’s area of expertise.

**GLOBALIZATION AND DECENTRALIZATION**

**Karen Cavanaugh:** Now let’s look more in depth at globalization and decentralization. In our emerging global village, local and global networks are taking on growing importance. Tomorrow’s efforts to introduce health reform will confront more complex environments. Two apparently divergent trends are converging. At one end of the spectrum, the world economy is becoming integrated. As a step in that direction, the Americas are undergoing regional integration. At the other end, States are becoming increasingly decentralized. These two apparently divergent trends are in fact working in the same direction. As globalization challenges the centralized State, local levels are pushed to develop new knowledge, skills, and capacity.

How will these trends affect the shape of the health sector? Can the community of donors anticipate and contribute to these developments? How will globalization affect the role of the State in health technology assessment? Will States be able to exert control over health technologies, pharmaceuticals, and the practice of medicine when global communications can now deliver telemedicine and international drug procurement to the individual doctor’s desktop? Is international cooperation helping to prepare the Region for such a future? Have the Region’s efforts to establish a Free Trade Area of the Americas (FTAA) by the year 2005 adequately considered the needs of the health sector? What additional steps might the donor community take to ensure that the FTAA framework addresses the right health system questions?
**José Luis Zeballos:** First, a few words about globalization. I think we will need to analyze the impact, not only in macroeconomic terms, but also in terms of its effect on social welfare. Preliminary findings suggest that globalization may produce increasing social exclusion in developing countries, albeit unintentionally. Market principles rule and the role of the State is diminished, putting social protection at risk.

Globalization may need to be redirected. The international community should pay more attention to combating poverty. In the health sector, this means focusing more on improving social protection and expanding coverage. I am not convinced that globalization will advance if it fails to take into consideration the real social implications that many countries already experience. Whatever the future holds, international cooperation needs to focus on three things. First, we need to help strengthen the steering role of the ministers of health and to improve regulations for fair health service provision in a market environment. Second, we need to look for alternatives for social protection and expanding coverage. Third, we need to put public health high on the future reform agenda. By revitalizing public health capacity, we could contribute substantially toward improving people’s health.

Indeed, decentralization will require development of local capacity, especially in management. One way to fill the gap or at least respond quickly to the most pressing needs might be to launch an interagency partnership using information technology and distance learning.

**Bill Savedoff:** The question about the impact of globalization in terms of worldwide access to technologies, information, and supplies is a major one. The usual focus is on the impact with regard to control of technologies, drug safety, etc. But I want to address a different aspect. What does globalization do to the effectiveness of public health service systems in Latin America?

In the last 30 or 40 years, Latin America’s public health service systems (ministries and sometimes social security institutes) regularly provided health services free or at nominal fees. At the same time, the private sector expanded rapidly, today representing over half of all health spending. Even people in the bottom quintile of income distribution regularly consult private doctors and pharmacists. Why do they pay if they could get the same service at public facilities for less? The answer has to be that it is not the same service. People view the public sector as providing lower-quality medical care, or providing it less conveniently.

Competition is getting tougher. Private services around the world are introducing management innovations. They are grouping doctors into teams that review quality. They are keeping records that allow them to serve patients more quickly and accurately. They are differentiating the services they provide by using phone consultations, nurse practitioners, and specialists. They are shifting administrative tasks to specialized firms. Globalization trends are going to give the private sector an even greater boost. Management techniques and medical protocols will spread more rapidly through the Web than through encyclopedic manuals. This means that the private sector will be around for as long as it takes the public sector to improve quality and convenience. In some cases, the public sector is doing a reasonable job and has kept the private sector at bay. In most, the public sector is falling behind.

How will public sector service providers respond? Will they defend existing methods for choosing hospital directors, for evaluating and promoting staff, for accreditation and licensing, for budgeting, and for handling patient records? I have an urgent sense that the public sector has to stop asking whether or not it wants to adopt private management techniques, and start asking which of these can be adopted and adapted in addressing the population’s health care needs. This is an incredible opportunity to achieve equity by making services more effective and efficient. If not, the only real option will be to close down public services and try to achieve public goals of providing quality services to the population through regulation and purchasing from the private sector.

**Karen Cavanaugh:** So we don’t have a clear answer on whether international cooperation is doing all it can to prepare the Region for the challenges that globalization and decentralization present for the health sector. Jose Luis once again has reminded us of the importance for donors to focus on improving social protection and expanding coverage. Bill suggests that globalization may present us with a unique opportunity to improve equity through major gains in the effectiveness and efficiency of public services.

**DECISION-MAKING AND REGULATION**

**Karen Cavanaugh:** Futurists characterize the enterprise of the New Economy as one that is small, agile, and networked. Will this characterize the hospital of the future in the Americas? Over the past
In the past decade, health reform discussions in the Americas have centered on which level of the State should assume responsibility for which functions. If globalization renders boundaries less relevant, perhaps we need to begin asking ourselves a different set of questions. Decentralization and growing local autonomy demand greater skills, capability, and power at lower levels. Communication systems need to become much more sophisticated. How can international cooperation contribute to the development of capacity and the introduction of information and communications systems at local levels?

**Bill Savedoff:** These are provocative questions that force me to think out of my usual categories. If boundaries become less relevant, what will it mean? If a doctor in Bolivia can find information on the Web, and order drugs from Thailand, what will it mean?

I think the stresses that are beginning to remove many functions from central ministries are generally positive. If you think about it this way, the centralized model required the ministry to fulfill all of the decision-making responsibilities: political, medical, and managerial. Furthermore, accountability was weak because it was mediated through a broad national process. It is difficult to punish a government for poor health performance when that same government is dealing with a myriad of other issues.

The current changes may be an improvement because they introduce new forms of accountability (through municipalities or local health boards), and they shift decision-making to the place where it makes the most sense. Evaluating the performance of a nurse from a central ministry makes no sense, but setting a national priority for epidemiological surveillance or reducing tobacco use does.

Many people worry that this diminished role of the national government will weaken regulation of health services and pharmaceuticals and such. I find this difficult to believe, since few governments have adequate regulations in place now. Even when written regulations are good, compliance is poor. The transition will definitely be painful. And the improvement in regulation will probably come in reaction to horrible anecdotes and examples rather than through some logical action plan. When that kind of process happens, it always looks worse than before, but only because it is bringing to light things that had been happening all along and were not addressed because there was no recourse.

**Girindre Beeharry:** I was initially surprised by the thematic juxtaposition of globalization and decentralization. It seemed to me that they were phenomena of an essentially different nature and deserving separate treatment, with globalization largely being a given for the health sector and decentralization being a policy instrument that can be manipulated by the sector. While I still think that the health sector is largely a globalization rules-taker and a decentralization rules-setter, I am more aware, thanks to this exchange, that both phenomena present similar challenges to the health sector. Both call for the State to abandon certain traditional roles and take on new ones. Globalization, operating “from above,” and decentralization, operating “from below,” both present special challenges to policy-making at the central level.

Decentralization is motivated by a concern to transfer decision-making power to where it matters most and is most appropriate. Borrowing Bill’s example, evaluating the performance of a nurse from a central ministry makes no sense. What makes sense is also an interesting topic. We have not yet exhausted our analysis of the merits and limitations of decentralization. Is it an appropriate instrument to achieve health sector objectives? Colombia experimented with both political and fiscal decentralization sequentially in the 1990s. Recent reviews suggest the interactions between these two forms of decentralization were very complex, and the reviews also lead us to wonder whether political decentralization was really necessary for Colombia to achieve its health sector objectives.

Globalization poses a threat to central ministries of health because globalization’s products often escape the narrow confines of national jurisdiction or else necessitate regulation frameworks of a new and uncharted nature. The natural reaction of central governments is to see both phenomena as threats—because they are shifting the traditional grounds of policy-making—before they see them as opportunities.

In that context I see the avenues of research and action of the donor community to be:

- gathering more specific knowledge on how globalization—especially the information technology revolution—and decentralization are affecting the health sector in the Region or are likely to do so
- partnering more systematically and more strategically with technology providers to identify opportunities from globalization that can be exploited, since neither the donor community nor the ministries of health are likely to ever be up to date on technology
- strengthening the capacity of central ministries of health to fulfill new functions. Central ministries are at a critical juncture. A lot of the deci-
sion power they used to wield is being transferred de facto to either supra- or subnational loci, and they do not have the means to accomplish the new roles that are being thrust upon or expected of them. The lack of definition of these new roles, combined with a weak capacity to adopt them, may motivate the ministries to hold on to their traditional roles longer than is productive for the health system

- using the donors’ privileged position to help governments tackle those issues that can only be resolved by international cooperation, through such mechanisms as regional agreements and international legislation

Karen Cavanaugh: Bill points out that changes in the roles of central ministries of health may introduce new forms of accountability and even put new pressure on the system that will prompt improvements in the regulation of health services and drugs. Girindre suggests how international cooperation can help prepare ministries of health for these changes by improving information, seeking out technology partners, strengthening ministry capacity, and promoting agreements where regional or international decisions are needed.

DONOR COLLABORATION AND THE ROLE OF THE PRIVATE SECTOR

Karen Cavanaugh: At the same time that globalization and decentralization are taking place, new patterns of interaction are emerging, both among donors and within countries. The donor community is crafting tangible mechanisms for coordination. The World Bank has introduced the Comprehensive Development Framework (CDF). In 1999, Bolivia was a CDF pilot country. What did this mean for international cooperation on health sector reform? Donors are working jointly with highly indebted poor countries to reach agreement on poverty reduction strategy papers. The Development Assistance Committee is putting forth its new 21st century strategy. Private foundations are becoming increasingly important players, funded in part from the proceeds of globalization and technological innovation. Over the past two years the Gates Foundation alone has provided US$ 750 million in grant funding for childhood vaccination. Are international efforts toward greater collaboration capitalizing on private foundation participation?

Bill Savedoff: I am somewhat skeptical about finding more partners and enhancing collaboration. Collaboration and communication with partners is costly, even more in time than in money. Anyone who has tried to coordinate within a single institution can imagine the difficulty of coordinating across different institutions. In general, I think communication is more important than collaboration. Fortunately or unfortunately, communication rarely happens in the absence of collaboration.

José Luis Zeballos: I feel that donors are working harder to collaborate, but I am concerned that this collaboration has not had any real impact on the way health sector reform is taking place in the Region. Maybe it is a matter of time and we will begin to see the synergy from collaboration in the near future. I do not think that international efforts are coming up with adequate mechanisms for private foundation participation, but it would be worthwhile to do so.

SECOND-GENERATION REFORMS

Karen Cavanaugh: Health sector reform is part of a broader process of structural reform that has undergone profound changes. “First-generation” reforms focused on reducing inflation and fiscal deficits, liberalizing trade, privatizing State enterprises, and removing price distortions. In contrast, “second-generation” reforms focus on developing the State’s regulatory, legal, and administrative capacity. There is growing recognition that development depends on participation, ownership, and in-country priority-setting, so second-generation reforms are attempting to build social and organizational capital. This second generation of reforms reflects a clearer understanding that reform should enhance equity and benefit the poor.

A new consensus is emerging that reform entails a transformation in the way a society thinks about and confronts its problems, and that this process is inherently country driven. Reforms can only be sustained when large segments of society participate in the process of shaping change. Thus the success of health sector reform depends on broad participation of civil society and the private sector and on the development of strong democratic mechanisms to promote it. In this context, international cooperation may have a greater role to play in helping countries to facilitate the process of consensus-building and informing the discussion with international experience than in directly shaping the solutions.

How well does the international community understand the process of health reform? In the early part of the 20th century, many countries of the Americas adopted similar health systems, without
the health systems in the Americas in the early 20th century have for our efforts?

**Bill Savedoff:** I think the answer to the question about the role of international agencies in second-generation reforms is found in one of the earlier comments, that international cooperation may have a greater role to play in helping countries to facilitate the process of consensus-building and informing the discussion with international experience than in directly shaping the solutions. No reform effort in Latin America has ever happened as a result of international agency conditions or actions. All the countries that have substantially changed their systems—Argentina, Brazil, Chile, and Colombia—began the process without international pressure or assistance. Only after the internal process was under way did some of these countries seek and receive technical support or loans. Therefore, I think the key role for international actors is to inform the internal debates. This means coming to the table with hard information, not general speculation; publicizing key issues; providing means for communicating with and educating politicians and the public to avoid common misunderstandings about what may be feasible; and serving it all up with a strong dose of humility.

**José Luis Zeballos:** I think that much of the international community does not understand the process of health reform and is still stuck on first-generation reforms. Our institutions should learn from history about how countries innovate, learn, and share lessons. The most important aspect of the changes in the health systems in the Americas in the early 20th century was that they were designed and implemented by the countries and were not seen as imposed from outside. It does not mean that they were not influenced by what was happening in the outside world; they were very much so. The main difference is that the driving forces were from within the countries. From these experiences, we should learn that, even though we are moving to a more globally interconnected world, we should do all that we can to assure a real feeling of ownership by the countries for reforms that we help them to introduce.

**INNOVATIONS IN SERVICE TO THE POOR**

**Karen Cavanaugh:** How can international cooperation ensure that health reform benefits the poor? Existing developments in science and information promise significant gains for the health sector. The Human Genome Project and related ventures are making the dream of unlocking the human genomic sequence a reality. Can international cooperation play a role here, either to ensure countries in the Americas access to the lessons of research and development, or to strengthen country capacity to participate in exploiting new knowledge for health benefits?

Will the next century lead to two health systems in the Americas, one for those with the capacity to harness innovations and another for the excluded? Will technology aggravate the current segmentation of the health systems in the Americas? How can the donor community contribute to the development of the skills and knowledge needed to harness technology and information? How can international cooperation ensure that the benefits of technology accrue to all?

**José Luis Zeballos:** The most important issue related to ensuring that health reform serves the poor is to have the information necessary to analyze its impact on them. In other words, the international community should make every effort to ensure a good information system that can track equity. We have to acknowledge that information can be one of the most important factors in policy-making.

Yes, probably the next century is going to lead to two health systems in the Americas. Yes, the current segmentation could be aggravated. The donor community can contribute to developing skills and knowledge and ensuring that the benefits of technology accrue to all, mainly by helping countries train their personnel. We have to consider that the main driving force behind any process are the human beings who are part of that process.

**Bill Savedoff:** I think that “innovation” in serving the poor in Latin America and the Caribbean has a lot less to do with new technologies than it does with changing basic management. I strongly believe that huge improvements in service provision to the poor could come from a small dose of improvement in purchasing supplies, managing personnel, and reallocating resources. But these “managerial” changes have to be substantive, such as by breaking monopolies, eliminating restrictions, and delegating decisions on the budget and purchasing and on hiring, evaluating, and disciplining personnel.

**Karen Cavanaugh:** So it sounds like we have at least two approaches for international cooperation to ensure that health reform benefits the poor. One is to
track the impact that reform has on the poor and make that information available to decisionmakers. Another is to help countries make changes in basic management that have the potential for major gains in services to the poor.

RESPECT FOR HUMAN RIGHTS AND HEALTH SYSTEM PERFORMANCE

Karen Cavanaugh: The World Health Organization will soon release its Year 2000 World Health Report, which will place special emphasis on respect for individual dignity, confidentiality, and autonomy as legitimate parameters of health system performance. This is a timely issue for discussion now that technology permits the health sector to track health care utilization and genetic risk factors at the individual level. Does the international community have a legitimate role to play in promoting respect for human rights, including the protection of privacy and individual dignity?

José Luis Zeballos: The international community should be a strong advocate for respect for individual dignity and confidentiality in medicine.

Bill Savedoff: I think the international community does have a legitimate role in promoting respect for human rights. The critical element is to ensure that everyone participates in the process of defining just what those “rights” really are.

Rafael Flores: Might I propose the international community think about an international convention on public health rights. For starters, let us think about including:

- the right to informed participation
- the right to ethical and humane treatment
- the right to basic services
- respect for cultural differences
- the right of all children under six to complete immunization

IMAGINING THE FUTURE: AN ONGOING DISCUSSION

Karen Cavanaugh: I would like to thank Jose Luis, Bill, Girindre, and Rafael for peering into the future with me and sharing what they see. In some ways, the vision is clear. We all recognize that countries need to be in the driver’s seat in reforming their health systems and that our agencies can be most helpful by providing good solid analysis and empirical evidence to inform decision-making. We see the role of the central ministries of health and the public sector overall changing fundamentally as globalization and decentralization present new challenges. We can help ministries and the public sector prepare for new roles. In so doing, we need to pay special attention to helping them address human resource and system management issues. We also have a role to play in ensuring good systems to monitor health system performance, with a view to tracking equity. Finally, we believe we have a role to play in ensuring health systems in the Americas protect human rights, safeguard individual dignity, and respect culture.

In other ways, our vision has yet to crystallize. While we recognize the value of donor collaboration in principle, we are less certain about the benefits in practice. We still do not have a clear path for engaging private foundations. We are ambivalent about the potential for science and technology to solve the Region’s health problems. Our institutions are not experts in technology and innovation, and we do not see ourselves taking on this role. We may need to partner with others who have this expertise and help channel it in service of the needs of the Americas. Our exploration of how international cooperation can best serve the needs of the Americas in health sector reform in the 21st century has just begun!