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FEATURED Q&A

How Much Can Governments Raise Health Spending?

The director of the Pan American Health Organization has said governments in Latin America should raise public spending on health to at least 6 percent of GDP. // File Photo: Mexican Government.

Q Pan American Health Organization Director Carissa Etienne has called on Latin American governments to increase public spending on their health systems to equal at least 6 percent of gross domestic product. The Covid-19 pandemic has weakened health systems in the Americas, and more investment in them is needed, said Etienne. How much capacity do governments have to increase public spending on health care, and what should funds for the sector be spent on? What innovations in delivering better health outcomes that emerged during the pandemic ought to be expanded and scaled up? What are the economic consequences if governments in Latin America do not significantly increase spending on health care, and what sort of roadmap should countries follow when considering health investments that would bring about a faster economic recovery?

A Antonio Vergara, head of Roche Diagnostics Latin America, and Rolf Hoenger, head of Roche Pharma Latin America: "For the last two years, health care has become a major priority for both the public and private sectors in Latin America. While this has been a tremendous opportunity to highlight how smart investment in health can benefit social development and economic growth, access to quality care services continues to be a challenge for a large portion of the population, especially in Latin America, leaving too many patients vulnerable. According to the Pan American Health Organization, to improve the performance of health systems in the region, countries need to increase their investment in health care to at least 6 percent of their GDP and allocate at least 30 percent of that value to primary care

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TODAY'S NEWS

POLITICAL

Colombian Troops Kill 11 Suspected Rebels in Combat

At least 11 suspected dissident members of the former Revolutionary Armed Forces of Colombia, or FARC, were killed in combat with Colombian troops along the country's southern border with Peru.

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ECONOMIC

Argentina's Economic Activity Shrinks in January

Economic activity in Argentina shrank in January as compared to December amid a surge in Covid-19 cases. However, the economy grew 5.4 percent year-on-year.

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BUSINESS

Citigroup Expects 50% Revenue Growth in Brazil

Citigroup is expecting 50 percent revenue growth in Brazil over the next three years, said Marcelo Marangon, the chief executive officer for Citi's unit in the South American country.

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Marangon // File Photo: Citigroup.

POLITICAL NEWS

Eleven Rebels Killed in Combat With Colombian Troops

At least 11 suspected dissident members of the former Revolutionary Armed Forces of Colombia, or FARC, were killed in combat with Colombian troops, the country's army said Tuesday, Agence France-Presse reported. Four other rebels "were injured during fighting," and arrested in the military operation near Colombia's southern border with Peru, which occurred on Monday, local media reported. The four captured fighters were from the Segunda Marquetalia group of former FARC dissidents, Reuters reported. The faction is led by Iván Márquez, who was formerly a lead negotiator for the FARC in the rebels' peace talks with the Colombian government, AFP reported. Colombian authorities believe Márquez is hiding in Venezuela under the protection of president Nicolás Maduro, a claim that Maduro denies. The Colombian army, air force and prosecutor's office participated in the operation in a rural area of the Puerto Leguizamo municipality in Putumayo province. The area is among Colombia's largest illegal coca leaf growing areas, and the rebels targeted in the military operation were involved in drug trafficking, AFP reported, citing a military general. FARC dissidents in the area have been battling National Liberation Army, or ELN, rebels for drug-trafficking routes, AFP reported. The military operation followed a similar one last month in which 23 dissidents were killed in Arauca province near Colombia's border with Venezuela. Last October, Colombia's government deployed a new unit of 14,000 military personnel in Norte de Santander province, along the border with Venezuela, where several groups have been battling for control of cocaine production. "Norte de Santander has long been a haven for Colombia's illegal armed groups due to the ease with which they grow and transport coca. The department hosts the largest area of coca cultivation in the country, protected by a constellation of criminal factions such as the ELN, the EPL, FARC dissidents and the Clan del Golfo," Paul J. Angelo, a fellow for Latin America studies at the Council on Foreign Relations, told the Advisor in a **Q&A** published Oct. 26.

ECONOMIC NEWS

Argentina's Economy Contracts in January Amid Covid Surge

Argentina's economy contracted in January amid a surge in Covid-19 cases caused by the Omicron variant, which hit industrial manufacturing, Bloomberg News reported, citing government data published Tuesday. Economic activity in January declined 0.5 percent as compared to December, which surpassed the median expectation of analysts, who predicted a 1 percent contraction, the news service reported. The economy grew 5.4 percent in January as compared to the same month last year.

BUSINESS NEWS

BHP Eyes $10 Bn of Investments in Chile With Conditions

Australian mining company BHP Group said Tuesday that it is looking to invest more than $10 billion in Chile in order to fuel growth in the country for the next 50 years but only with some regulatory and fiscal conditions, Reuters reported. "We love Chile ... We would like to grow in this country," Ragnar Udd, BHP's president of minerals for the Americas, said at the CRU-CESCO World Copper Conference in Santiago, the wire service reported. "But in order to do that, it will require fiscal stability, legal certainty and a clear pathway to permit," he added. Chile is the world's largest copper producing country and supplies nearly 25 percent of the world's copper, but BHP—like other

NEWS BRIEFS

El Salvador Reports Sharp Drop in Homicides After Emergency Declaration

El Salvador has seen a sharp drop in homicides three days after lawmakers approved a state of emergency that allows authorities to detain suspected gang members for 15 days without bringing them before a judge, government officials said Tuesday, EFE reported. The National Civil Police reported two murders on Monday, a sharp decrease in comparison to the 89 murders over the three days prior. Thousands of families in El Salvador are unable to access information about those arrested, and detainees do not have the rights to a lawyer or to be told the reasons for their arrests under the state of emergency, the wire service reported.

PriceSmart to Build 10th Store in Colombia

California-based PriceSmart announced on Tuesday that it purchased land in the El Poblado area of the Colombian city of Medellín, where the company is constructing its 10th warehouse club in the country and the second in Medellín, PriceSmart said in a statement. The company's CEO, Sherry S. Bahrambeygui, said PriceSmart believes "the demographic profile around this location closely aligns with the value proposition we are known for." The store is set to open in the summer of 2023.

Citigroup Expects 50% Revenue Growth in Brazil Over Next Three Years

The chief executive of Citigroup's Brazil unit said he expects the operation's revenue to grow 50 percent over the next three years, Reuters reported. The executive, Marcelo Marangon, added that demand for advising on mergers and acquisitions has remained strong this year. Citi sold its retail banking unit in Brazil to Itaú Unibanco in 2016.

copper miners—has paused some investment decisions while political decisions and negotiations are playing out. The negotiations include the ongoing constitutional rewrite process as well as the government's consideration of raising Chile's mining royalty in order to fund more expansive social programs, Reuters reported. Marcela Hernando Pérez, Chile's minister of mining under new President Gabriel Boric, said during an interview with CNN Chile earlier this month that the idea of a mining royalty is a "payment for a right." In February, the committee in charge of drafting a new constitution for Chile approved a proposal that could pave the way for nationalization of some of Chile's largest copper and lithium mines. However, Sergio Bitar, a former Chilean mining minister said that move is unlikely. "Neither the proposal for the nationalization of natural resources nor that of a radical change in political institutions will be part of the draft of the new Chilean constitution," Bitar told the Advisor in a **Q&A** published Feb. 16.

Mexican Fintech Stori Plans $175 Mn in Investments

Stori, a financial technology start-up that issues credit cards to "underbanked" Mexicans, announced on Tuesday that it is planning to invest $175 million this year in its growth plan, Reuters reported. The company provides credit cards to Mexicans who lack formal credit, and it is expanding its customer portfolio and hiring more people this year. Only 31 percent of Mexicans have some type of credit, Reuters reported, citing the country's statistics agency. Stori said it extends a line of credit to 99 percent of its applicants following a background check that includes factors such as the location where applicants live and how they earn money, Reuters reported. Co-founder Marlene Garayzar said some applicants are denied because they do not have the official documents required to start a line of credit. She added, "We give credits as small as 500 pesos, and, in our experience, people do pay," Reuters reported.

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services. Not only do efficient care services guarantee people's well-being and shield our countries against the multi-layered impact of emergencies such as the Covid-19 pandemic, but investments in health have proven to at least double their output in the economy. In short, investments in health can address the physical wellbeing of people while enabling economic growth. In this sense, health investment in the region should accelerate adoption of innovation, creating a more robust digital infrastructure that enables data-driven care models, such as personalized health care. In addition, increased investment in prevention through the expansion of data and technology capabilities enables optimized health care outcomes by better innovating medicine and establishing screening, early diagnosis and monitoring programs. These initiatives would treat diseases faster and more efficiently, leading to better outcomes for patients and more efficient health systems."

A **Jarbas Barbosa, assistant director of the Pan American Health Organization:** "In the 2014 Universal Health Strategy, countries committed to increase public investment to at least 6 percent of GDP in health with a focus on primary health care. Yet today, only six countries of the Americas have achieved that goal. The Covid-19 pandemic has only amplified the very same inequalities that we set out to address many years ago, further affecting the lives, livelihoods and health of communities throughout the region. The pandemic continues to disrupt the delivery of essential health services in almost all countries in Latin America. As we begin to emerge from this crisis, we must urgently look at ways to increase the region's investment in the health work force, strengthen the capacity for disease surveillance, expand regional and local medical supply production, strengthen the region's supply chain infrastructure, capacities and resilience, develop regulatory frameworks for health systems and improve health financing. PAHO's Regional Platform to Advance the Manufacturing of Covid-19 Vaccines and other Health Technologies in the Americas will be key to ensuring the region's preparedness and resilience. The pandemic has been a wake-up call for us all and one that we cannot afford to ignore. Without leadership and governance, appropriate investment and vast improvements in the capacity of health systems to detect, respond and mitigate the impact of pandemics and health emergencies, our region will simply not be able to achieve sustainable development."

A **Arachu Castro, Samuel Z. Stone Chair of Public Health in Latin America at Tulane University's School of Public Health and Tropical Medicine:** "The Covid-19 pandemic has exposed the limitations of Latin American and Caribbean health systems, the strengthening of which cannot continue to wait or depend exclusively on the budgets allocated during the pandemic. The political instability that preceded the pandemic in countries in which the population demanded more redistributive and fair social policies, together with the devastating impact of the pandemic, create the ideal conditions for governments to justify spending 6 percent of their GDP on health and to fund other social policies—such as cash transfers and other forms of responses to hunger—despite the economic contraction that has resulted from the pandemic. PAHO suggests that 30 percent of this budget be allocated to primary

"The Covid-19 pandemic has exposed the limitations of Latin American and Caribbean health systems..."
— Arachu Castro

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health care. Doing otherwise would not only set back hard-won health and social gains but would exacerbate the consequences of the current crisis and prevent countries from being prepared for the next pandemic or humanitarian crisis."

A **Rocío Sáenz, professor in the School of Public Health at the University of Costa Rica and former health minister of Costa Rica:** "The pandemic has exposed social inequalities and health systems' weaknesses for a comprehensive approach to a global crisis. It is necessary to have resources to maintain health programs for children, women, adults and the elderly. In particular, it is important not to interrupt or delay treatment for cancer and chronic diseases as well as diagnostic, therapeutic and rehabilitation procedures, and palliative care. These patients have not had a break from their illnesses during the pandemic. Investment in health is an indicator of the value that societies give to living healthy. However, it has been shown that more money per capita does not necessarily translate into better health for everyone. The sources of financing for universal health systems have been modeled off of charges to public finances with general or specific taxes or on financing models based on contributions from workers, employers and the state. The pandemic has also encouraged wider use of telemedicine and a greater appreciation of digital information and teleworking in health, as well as the establishment of call centers to monitor cases and home delivery of medicines. The search for additional resources for the health sector requires the strengthening of principles such as solidarity, universality and equity, as well as the strengthening of integrated and comprehensive care models involving individuals, families and communities, ensuring the continuity of care."

> **"More money per capita does not necessarily translate into better health for everyone."**
> **— Rocío Sáenz**

A **Ricardo Izurieta, professor at the College of Public Health at the University of South Florida:** "The Covid-19 plague of the 21st century will be recorded in history as one of the most disastrous events affecting the economies of all countries in the world. Even sophisticated health care systems built by high-resource countries were unable to resist the pandemic because of their curative models. Unfortunately, health practice has become one of the best businesses in the world. This commercial health system has understood that intensive care units are more lucrative than primary health care clinics. Global health care systems need to be fixed with the repotentiation of the primary health care infrastructure. Governments and societies need to understand that other variants and plagues are coming, and the world must be prepared for the next ones. Therefore, governments must concentrate and increase their health expenditures in primary health care by improving access to vaccines, health education, water and sanitation infrastructure, early diagnosis and early treatment. What if a new pathogen that is not only airborne but also waterborne, foodborne and vector-borne emerges? Francisella tularensis, the causative agent of tularemia, can be one of those pathogens with a high mortality rate of between 30 and 60 percent. Moreover, this pathogen is considered a Category A biothreat agent and requires a level 3 biocontainment. Are we prepared to face the next plague?"

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at **gkuleta@thedialogue.org**.

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Erik Brand
Publisher
ebrand@thedialogue.org

Gene Kuleta
Editor
gkuleta@thedialogue.org

Leticia Chacón
Reporter
lchacon@thedialogue.org

Mark Kennedy
Reporter
mkennedy@thedialogue.org

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1155 15th Street NW, Suite 800
Washington, DC 20005

www.thedialogue.org

Subscription inquiries are welcomed at
ebrand@thedialogue.org