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FEATURED Q&A

Does Colombia's Health System Need an Overhaul?



Colombian President Gustavo Petro this month proposed controversial health care reforms. A doctor and patient at Clínica El Rosario in Medellín are pictured. // File Photo: Clínica El Rosario.

Quoted from **Colombian President Gustavo Petro** on Feb. 13 presented a set of controversial social and economic reforms to Congress focused on the health care sector. The government said the changes would protect workers' rights, improve primary care, expand access to treatment, raise health care workers' salaries and address corruption by eliminating private sector management of payments. On Feb. 14, thousands took to the streets in support of the reforms, while the next day, opposition-led demonstrators protested against them. What is the current state of Colombia's health care system, and what specific reforms would do most to improve it? How would the proposed health care reforms address the issues the Petro administration outlined, and why are they controversial?

Anwar Rodríguez Chehade, deputy director of ANIF-Centro de Estudios Económicos: "The current Colombian health system is probably the biggest achievement in social equity over the last 30 years. Before its creation in 1993, health coverage reached less than 25 percent of the population. Moreover, just 4 percent of the population with lower income was insured. In addition, resources were insufficient and badly managed; a good part of the money was lost in corruption. Public hospitals, for example, were not able to fully function year round. Before, health was a privilege for people with enough money to pay for it, while it was delivered almost out of pity to the most vulnerable ones. Today, the current insurance system has nearly universal coverage (99 percent), above regional pairs like Chile (93.4 percent), Mexico (88.3 percent) and Costa Rica (91.6 percent), and it provides financial pro-

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TODAY'S NEWS

ECONOMIC

Brazil Planning to Resume Collecting Taxes on Fuel

Brazil's finance ministry said the government will resume collecting taxes on fuel. Then-President Jair Bolsonaro suspended the tax collection last year ahead of the country's presidential election, which he lost.

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BUSINESS

Marco Financial Gets \$200 Million Credit Facility

U.S.-based Marco Financial, which provides loans and other services to Latin America-based exporters, said Monday that it received a \$200 million credit facility.

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POLITICAL

Mexico's López Obrador Blasts Opponents of Electoral Changes

President Andrés Manuel López Obrador on Monday said Mexicans who have been protesting an electoral overhaul "don't care about democracy."

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López Obrador // File Photo: Mexican Government.

POLITICAL NEWS

López Obrador Blasts Opponents of Mexico Electoral Overhaul

Mexicans who have been protesting a move to slash funding from Mexico's electoral authority "don't care about democracy," President Andrés Manuel López Obrador told reporters Monday at his daily news conference, The Wall Street Journal reported. "What they want is the continued dominance of an oligarchy, that is, a government of the rich," he added. López Obrador's comments came a day after more than 100,000 people packed Mexico City's Zócalo square in protest of legislation the president plans to sign that would cut nearly a third of the National Electoral Institute's \$760 million in annual funding, which the agency has said would result in the layoffs of 6,000 to 17,000 of its permanent staff, including key officials who organize elections. Tens of thousands more demonstrated against the reforms in more than 100 cities across the country, the newspaper reported. López Obrador called the protests "very small" and mocked the demonstrators, saying "they have to increase their capacity to mobilize." He added, "There was an increase in the number of pick pockets stealing wallets here in the Zócalo, but what do you want, with so many white-collar criminals in one place?" the Associated Press reported. In addition to layoffs at the elections agency, the changes would cut salaries at local elections offices, reduce training for citizens who operate polling places and also lower penalties for candidates who fail to report campaign expenditures, the AP reported. López Obrador has accused the agency's leaders of siding with his political enemies, and he has said the money the changes will save would be better directed to helping the poor. The funding cuts would reportedly amount to 0.1 percent of Mexico's federal budget, The Wall Street Journal reported. Opponents of the reforms say the changes would harm the electoral agency's ability to organize free and fair elections and may mark a return to past instances of vote manipulation, the

AP reported. Opponents plan to challenge the changes at Mexico's Supreme Court.

Chile Deploying Troops Amid Rise in Illegal Migration

Chile's government is sending troops to the country's borders with Peru and Bolivia amid a rise in illegal immigration, Bloomberg News reported Monday. The country's Congress passed legislation last month that authorizes the military to take on additional security responsibilities at the borders. "Chile hasn't done what it should have done to take control of its borders for a long time now," Interior Minister Carolina Toha told reporters in Colchane, a town near Chile's border with Bolivia. Toha added that Chilean officials are discussing border security with counterparts in Peru and Bolivia.

ECONOMIC NEWS

Brazil Planning to Resume Collecting Fuel Taxes This Week

The Brazilian government is set to resume collecting taxes on fuel this week, the finance ministry said on Monday, Reuters reported. The tax revenue will be 100 percent recovered, and the rate will be higher for fossil fuels than for biofuels, as was the case prior to the implementation of the exemption. Finance Minister Fernando Haddad, who was pushing for the taxes to resume, was at odds with members of President Luiz Inácio Lula da Silva's Workers Party, who favored extending the waiver, the wire service reported. Then-President Jair Bolsonaro introduced the exemption on the federal taxes on fuel last year ahead of the country's presidential election, which he lost. Current President Luiz Inácio Lula da Silva had extended the tax waiver on gasoline and ethanol until February, and diesel and biodiesel until December of this year. Advisors warned Lula

NEWS BRIEFS

Colombia's Health Reform Would Cost as Much as \$2.64 Bn Annually

The Colombian government's health reform plan would cost \$1.86 billion to \$2.64 billion annually for the next decade, the finance ministry said Monday, Reuters reported. President Gustavo Petro presented the controversial bill to Congress earlier this month, seeking to encourage disease prevention and timely treatment of illness, as well as improve health care workers' salaries and eradicate corruption in the industry. The proposed reform has sparked protests across the country, both in support and in opposition.

Former Interim Haitian Prime Minister Latortue Dies at 88

Former interim Haitian Prime Minister Gérard Latortue, who was in office from 2004 to 2006, died Monday at age 88, the Associated Press reported. Current Prime Minister Ariel Henry announced Latortue's death, calling it a tremendous loss and calling the former premier "a reformer, a convinced patriot, an eminent technocrat, a voice of change, of development [and] a supporter of democracy."

Stellantis Eyes Access to Argentina Copper Deposit for Electric Vehicles

Amsterdam-based automaker Stellantis is investing in McEwen Copper, with a possibility of gaining access to a large copper deposit in Argentina, Bloomberg reported Monday. Electric vehicles require twice as much copper as gasoline-powered cars. Stellantis' investment amounts to more than \$150 million and will grant it a 14.2 percent stake in McEwen Copper. Rob McEwen, head of the copper company, is seeking to raise funds to develop the Los Azules project in Argentina at a time when demand for copper is accelerating.

that a hike in fuel prices near the start of his term would likely hurt his popularity, so he opted instead to continue with his predecessor's policy, BNamericas reported. Taxes on gasoline and ethanol will generate some 29 billion reais (\$5.59 billion) in federal revenue this year and will assist in reducing the country's primary deficit to less than 100 billion reais.

BUSINESS NEWS

Marco Financial Gets \$200 Million Credit Facility

Miami-based start-up Marco Financial, which provides loans and other services to Latin America-based exporters, announced Monday that it received a \$200 million credit facility that it plans to use for growth efforts. Marco said it received the credit facility from middle-market lender MidCap Financial and Castlelake, a global asset-based private credit specialist. Marco also said it has received \$8.2 million in equity funding, led by Arcadia Funds. "The new funding will support Marco's growing client base and portfolio to expand its trade finance platform and suite of trade services aimed at closing the \$2 trillion global trade finance gap that disproportionately impacts small and medium-sized enterprises (SMEs)," Marco Financial said in a statement. Marco said that while SMEs account for more than half of all employment worldwide, including 80 percent in developing countries, they struggle to secure financing, which represents "the biggest obstacle to their growth," Marco Financial said. "Banks reject 50 percent of SME applications globally, and fewer than 10 percent of SMEs in Latin America have access to financing despite accounting for 90 percent of all businesses in the region," the start-up said. Marco said it has provided more than \$254 million in financing since its inception three years ago and in Latin America is focused on Mexico, Ecuador, Colombia and Peru. In addition to its headquarters in Miami, the company also has offices in New York and Montevideo.

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tection against disease for all households. At the beginning of the 1990s, a Colombian had to pay out 50 percent of the total cost of their health expenses out of pocket, while nowadays it is merely 14.9 percent, one of the lowest out-of-pocket figures, not only compared with other countries in Latin America but also with those in the OECD. Finally, in terms of quality, more than 80 percent of Colombians evaluate the system as good or very good, and most importantly, there is no distinction of the satisfaction levels controlling for income. In this context, it is worrisome—to say the least—that the backdrop of the health care reform proposed by Petro's administration will take us 30 years into the past. We should be past ideology and look forward to solving actual problems in our health system, such as having better results on treatment of communicable and noncommunicable diseases, providing care and access in rural and remote areas and providing better conditions for health workers. The government's proposals are not new, and most of them have already proven to be wrong in the past. Why would they work now?"

A **Maria Velez de Berliner, chief strategy officer at RTG-Red Team Group Inc.:** "Colombia's health care system is neither fair, equitable nor accessible to every Colombian. But it is neither broken nor in need of being trashed. The proposed health care law, now before Congress, aims to destroy what works, albeit with flaws that need correction. The new law promises improvements and expansions it cannot deliver due to a lack of funds and its cumbersome organization in which communities, mayors and governors would decide who receives care and of what type, all determined by so-called community needs and standards. No wonder even the president of the Senate, Roy Barreras, is against the proposed health care norms and regulations. Given widespread political, social, financial and cultural opposition to

the new law, it is unlikely that Congress will approve it. However, the door to health reform is open. Through it must pass four necessary reforms and expansions to the existing system: 1.) Bring health care to unserved, or poorly served, rural areas. 2.) Bring the five Entidades Promotoras de Salud (EPSs), now in default, under one umbrella EPS financed by the government but managed by a successful EPS such as Suramericana. 3.) Finance preventive rather than curative medicine. 4.) Do not go back to the old social security system, which turned into a financial and medical disaster for lack of timely medical attention, long waiting lines, poorly paid or outright incompetent staff and massive, public waste."

Javier Guzman, director of global health policy and senior fellow at the Center for Global Development: "In 1993, Colombia embarked on a major health sector reform, introducing mandatory universal social health insurance. Since then, the country has made remarkable progress toward universal health coverage, financial risk protection and access, regardless of ability to pay. Coverage increased from 23.5 percent of the population in 1993 to 99 percent in 2022, out-of-pocket expenditures fell from 52 percent in 1993 to around 15 percent in 2019 and all citizens within the system are entitled to an equal basket of services. In 2016, an independent OECD review stated that 'Colombia offers a remarkable example of rapid progress toward universal health coverage that deserves to be better known internationally.' Despite these impressive achievements, the Colombian health system faces important challenges—financial sustainability, regional and urban-rural inequities and an imbalance between primary and specialized care. Insurers, which are mostly private, often don't manage clinical and financial risk appropriately, and poor employment contracts, inefficient payment systems and a lack of infrastructures in some areas hamper

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quality of care, especially at the primary care level. The Petro reform attempts to solve these problems by moving to a quasi-National Health System focused on prevention and primary care. Central and subnational governments, rather than insurers, would be responsible for purchasing and providing health care, health care workers would have a special work regimen and the public health infrastructure would be strengthened. The reform is controversial because it breaks from the system the country has built over 30 years and some have said that the government is throwing the baby out with the bathwater. It would be better to strengthen the regulation of insurers, provide incentives to reward prevention and quality of care and consider an alternative model to remote and disperse areas."

A **Carolina Batista, head of Global Health Affairs at Baraka Impact Finance and incoming member of the Movement Health**

2030 Board: "Despite the Colombian health system's achievements in recent decades toward universal health insurance coverage, important challenges persist. The country's health system has long been recognized as fragmented, with limited investments in primary health care and suboptimal infrastructure. The system strains to cope with the increasing needs of Colombia's aging population, a steep rise in chronic, noncommunicable diseases, persistence of infectious diseases linked to poor sanitation and inadequate distribution of the health

work force to deal with the pressing needs of Indigenous and other vulnerable groups. With this in mind, there is a need to transform health care in the country. This would require increased public health spending, primary care strengthening, scaling up early screening and detection to shift focus from curative to preventive approaches and improving funding allocation to address challenges such as the growing demand for long-term care and implementation of health technology. An appropriate combination of technology adoption and innovation is necessary to develop new care models. The reform that President Petro has proposed aims to strengthen preventive care, guarantee the traceability of financial resources and improve human talent. There is support for these objectives, but significant challenges are anticipated concerning its implementation. There are questions about how it will effectively improve access to and quality of health services, how it will successfully enable and scale digital transformation and its potential impact on the complex logistics and supply chain of pharmaceutical products, especially in hard-to-reach areas. Overall, despite agreement on the need for reform, experts say it should not be done without an in-depth analysis of current challenges, relying on various sectors, both public and private, with defined milestones and transparency, and ideally with social participation from vulnerable and underrepresented groups to ensure co-ownership and relevance."

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What's Keeping You Up at Night?

The Latin America Advisor gets answers to the questions that informed executives are asking, every business day, so that you can rest easy.

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