

**MANAGEMENT SCIENCES FOR HEALTH  
BOLIVIA SELF-FINANCING PRIMARY HEALTH CARE PROJECT  
SANTA CRUZ DE LA SIERRA, BOLIVIA  
QUARTERLY REPORT: TECHNICAL ASSISTANCE  
(511-0569-C-00-5042-00)**

**1. INTRODUCTION**

This is the first quarterly report submitted by Management Sciences for Health (MSH) with regard to technical assistance activities provided to the Management Support Unit (MSU) and related organizations in Bolivia in support of the Self-Financing Primary Health Care Project. Mr. Anibal Mejia, the Chief of Party, attended orientation sessions in Boston (January 1-7, 1985), Washington, D.C. (Jan 7-10, 1985), Tegucigalpa (Jan. 10-15) and La Paz (Jan 15-24, 1985) prior to his arrival at the project site on Jan. 25, 1985.

MSH assumed technical assistance responsibilities of the operational project in January of 1985. The comments contained in the following paragraphs represent our response to our contractual obligation to provide USAID with periodic reviews of our activities.

**2. PROJECT PERSPECTIVE**

The Self-Financing Primary Health Care Project was proposed as an alternative to the Montero Project, a Bolivian Government/AID financed primary health care project beginning in 1978 in the northern Department of Santa Cruz, and intended to evolve in steps taken by various organizations. As the project was originally conceived, cooperative organizations rather than local government would review the findings of the previous (Montero) project, contrast these findings with updated research, and begin operation, emphasizing the self-financing opportunities made possible by the San Julian, Mineros, and La Merced Cooperatives. Additional operations research conducted by a local organization linked to cooperatives would be funded by the Primary Health Care Operations Research (PRICOR) in an effort to update market economics and epidemiological data. The intended sequence of events was that operation research activities would precede the project implementation phases, at which point MSH intervention would begin.

Organizational control over the different phases of the project was delayed and frustrated by a failure to coordinate expected project outcomes with environmental reality. When FENACRE, the credit cooperative service organization which was to undertake operations research in 1984, did not, the Fundacion Integral para el Desarrollo (FIDES) did so. Since FIDES had originally aspired to be Operational Grantee, this left, with some acrimony, the participating cooperatives with the arduous task of deciding who the new Operational Grantee would be. At this point, some problems began to arise; on the one hand, the problem of understanding the grantee-grantor relationship, and, on the other hand, inter-organizational sensitivities. Apparently there was also some confusion about the role of AID's funding activities and the destiny of project related inventories, resources, and post project control of assets.

Participating cooperatives had initially anticipated failure in the project. They expected that if goods and services which were to be purchased with project monies were to become their own (as is usual when AID provides assistance to host governments) the perpetuity intended for the Management Support Unit would be ignored. In addition, the participating cooperatives differed a great deal both in size as well as in kind. La Merced, because of its size and location, overshadowed San Julian, a small agricultural rural cooperative located in a colonization area made up of members who had migrated from the "interior." San Julian chose not to participate as long as La Merced was "in control." During the meeting at which these claims were made, the Central de Cooperativas Agricolas de Mineros (CCAM) chose to stay with the project.

On January 28, 1985 La Merced notified AID/Bolivia of its intention to withdraw as the Project Grantee. It indicated problems with the conceptualization of the project, perception of the state of the economy, and particularly numerous other procedural issues relative to project implementation, such as proposed selection of personnel, office site, and office equipment purchasing policies as reasons for not continuing.

The absence of a grantee would create a number of bureaucratic problems with regard to de-obligation of old and re-obligation of new grantees, and these problems would necessarily affect technical assistance activities.

For the time being, La Merced members remain involved in the project as potential plan beneficiaries, Mineros has continued to demonstrate interest, and San Julian has expressed interest should de-obligation of La Merced occur.

In relation to technical assistance activities, operations research information has been practically unavailable from the year-long study. Aside from the fact that the household survey design does not conform to the market economics and epidemiological considerations necessary for project implementation, the data was not available during the reporting period. Notwithstanding, the data should have been ready prior to the commencement of the operations phase, in mid-November, 1984.

In order to make up for the lack of data, a number of improvisations have been made in order to continue project operations while waiting for the data to empirically validate any assumptions made. At the end of the reporting period, the FIDES data remained locked in computer files awaiting SPSS software and better interpretation of the data itself.

### 3. THE PROJECT

The design of the Primary Health Care Self-Financing Project accounted for numerous constraints that increase its already challenging nature. The health status of the Bolivian population, especially the rural and semi-urban poor, is among the worst in Latin America. Local government effort has been inimical to improve it. Thus, the conception and implementation of a project which intended to be financially self-sustaining would contribute a great deal toward promotion and

possible replication in Bolivia or elsewhere. The Department of Santa Cruz, located in eastern Bolivia, is a high growth area characterized by a "boom" and "frontier" town economy, despite the economic doldrums of the country as a whole. The city of Santa Cruz de la Sierra is a modern one, while the project target population reside to the north in rural areas settled by colonists who migrated from other areas of Bolivia, largely the altiplano. The Minero area is located about 100 Kms. from Santa Cruz while San Jullan is about 40 Kms. further north.

The project aimed to include the direct participation of approximately 36,000 persons, to whom an infant mortality rate of 113.5/1,000 is ascribed along with a life expectancy of 46. The purpose of the project is to improve the delivery of primary health care services through a strategy by which the health services provided by the system will be paid, at least in part, by the recipients. The proceeds generated from the provision of services will be returned to the system to completely underwrite its operating costs. Thus, the major components of this project are the development of a primary health care system and the creation of a Management Support Unit (MSU), necessary to back up the delivery system and coordinate the provision of services.

The system itself follows the norms and standards set forth by the Bolivian Ministry of Social Welfare and Public Health: a three-tiered hierarchical arrangement offering progressively more comprehensive packages of preventive and curative health services. The three levels are:

- Level I - Community, to be staffed by part time promoters;
- Level II - Health Posts, to be staffed by auxiliary nurses with an emphasis on the management and treatment referred from Level I;
- Level III - Health Clinic/Area Hospital, to be staffed by a full time physician, a nurse, auxiliary nurses, lab technician, midwife, and a clerk, to provide the entire range of primary health services, and supervision to lower levels.

According to the project paper, the Management Support Unit should have been created by the grantee organization, in consultation with the cooperative organizations. It was expected that, through its Director and Board of Directors (members of participating cooperatives), the MSU would have overall responsibility for the management of the project. This has not happened because of the absence of a constant grantee organization. A cooperative Board of Directors has not been organized, nor has an Executive Director been hired. Nevertheless, the MSU, formed by four technicians, has made considerable progress in the development of the project.

### 3.1 GENERAL DESCRIPTION OF ACTIVITIES

In early 1985, MSH fielded Anibal Mejia, its Long-Term Advisor, and John O. Burns, the Short-Term Medications Logistics Consultant. The tasks Mr. Mejia has undertaken since his arrival can best be described on a chronological basis: Orientation, Mission Orientation, Site Orientation, and Project Implementation. Mr. Burns' accomplishments are described in an upcoming section, Pharmaceutical Procurement and Logistics.

During the Orientation period, a number of issues rose regarding project sponsorship and organizational responsibilities, primarily in relation to operations research. FIDES became known as the investigating arm of the project, and the delays in research activities were noted upon the arrival of the Long-Term Advisor and a visit by the AID/Bolivia Health Officer. It was estimated that there was at least a six month lag in the delivery of usable data. During the Washington, D.C. orientation visit, it was apparent that PRICOR was also concerned and that the Long Term Advisor should develop a list of suggestions to deal with this issue.

As a result, the Long-Term Advisor suggested that PRICOR provide FIDES with technical assistance in a) data retrieval for a term of two weeks and b) Healthcare (Medical) Economics for about four weeks. (This advice was followed in the latter part of the first quarter.)

The Mission Orientation period, in addition to establishing a working relationship with AID/Bolivia, made it possible for the Long-Term Advisor to become acquainted with the complex workings of the Bolivian economy. At the time, a depressing picture was presented: a nationwide response to the combined impact of devaluation and inflation on a grand scale seemed to conflict with the expectation of business leaders that the project would fare well in Santa Cruz. Nevertheless, the visits with business and government leaders focused on particular items of concern that had resulted from the economic climate. Because of the speed of monetary devaluation, a policy was adopted to prioritize ways to avoid the loss of project resources. Later, these concerns would become the basis for reconceptualizing the entire project and for "dollarizing" the project. The goal was to conserve scarce financial resources. Similarly, a number of operational difficulties were foreseen, i.e., keeping track of the value of medication inventories, storage, pricing policies, etc.

The Site Orientation period included a number of visits to organizations, which served to concretely define the status of the project. The MSU and FIDES visits revealed a state of project delays, which, combined with visits to participating cooperatives, yielded a list of new tasks to be undertaken in order to establish viable self-financing mechanisms for the project. For example, there was a need to re-educate staff and participating agencies on the terms of the "new" AID relationship with a private enterprise project. This was to be done not only in general but also in specific considerations (e.g., re-investment). Thus, the participating "provider" agencies, as well as other potential participating "client" agencies were slated to be "re-educated" on the ways of entrepreneurial grants - along with the MSU staff on the common characteristics of self-financing health care enterprises. Activities carried out during this period helped to build a dynamic rapport with not only participating agencies, their staff, and MSU staff, but also with important official concerns such as the Ministry of Social Welfare and Public Health (MSW/PH), Hospitals and kindred organizations.

During the Project Implementation period, the above mentioned educational needs became an agenda to be carried out during negotiation meetings with participating agencies and in MSU daily staff meetings. The Scope of Work section below details specific project obligations for the Project Implementation period. It also refers to contract specific services provided by the Pharmaceutical Procurement and Logistics Specialist. It should be noted that during this period the MSU arranged for an orientation in health care issues provided by the MSW/PH.

## 3.2 SCOPE OF WORK

During this period, the Long-Term Consultant provided services for three months while the Pharmaceutical Procurement and Logistics Specialist provided the first four weeks of a series of three consultations, with follow-up visits scheduled for May and July. The home office Project Coordinator visited both the AID/Bolivia office and the project site from March 7 to 13, 1985.

### The Initial Phase

The work pace began quite rapidly after January 25. A series of visits to project sites were made, and the AID/Bolivia Health Officer continued to become acquainted with the site and the project. During these visits, conceptual definition of terms relevant to self-financing was necessary, e.g., whether co-payments would be necessary, and if so, what might a services menu look like considering that payments might be made with alternate frequencies, etc.. Indeed, the idea of looking at the whole picture became apparent, beginning with the need for a Marketing Plan from which revenues might be matched to projected expenses in a Financial Plan. It is interesting to note that additional cooperatives with interest in participation were also visited and an educational agenda related to negotiation issues should their interest in the project continue was presented.

The visit to the town of Mineros revealed that in addition to its agreement with the Central de Cooperativas Agrícolas de Mineros (CCAM), the MSU had also agreed to provide the Union de Caneros Campesinos (UCC - a larger cooperative central union) with technical assistance. This action, it was understood, might produce a new market for the project - one with better potential for self-financing than previously had been realized. Visits were also made to the La Belgica Association in Warnes, the San Martín de Porras Cooperative in the peri-urban area, and the Cooperativa El Progreso in El Torno (which is located in the western direction from Santa Cruz and 24 Kms. from Cochabamba.)

The visit to Warnes revealed an attempt at self-sufficient primary health service delivery to neighboring communities in the form of obtaining an Area Hospital lease from the Ministry of Social Welfare and Public Health. Regretably, the Association has invested considerable resources in remodelling the physical plant and acquiring fairly sophisticated medical equipment, putting the entire effort in jeopardy. At a festive luncheon, the Association made it clear that they would entertain the idea of a merger with the project.

The visit to San Martín de Porras also provided an opportunity for project expansion or substitution of beneficiaries in the peri-urban area. This cooperative has already operated rudimentary health services through a medical group. Similarly, the visit to El Torno identified a rather struggling credit cooperative which would like to expand its health services potential as a result of recently diminished credit activity. In these situations, a number of technical formats were discussed in order to orient the cooperatives to the terms through which a joint effort might be made compatible, i.e., a group type plan in the case of San Martín and a subsidized plan in the case of El Torno.

### The Formative Phase

The combination of project objectives and the contacts and possibilities for program development raised by these introductory visits provide the context for technical consulting and educational encounters with participating and potential

cooperatives. These contacts provided opportunities to inventory specific procedural needs above and beyond those called for in the project paper and other project documents. The UCC-Mineros contacts were expanded into firmer possibilities for inclusion in the project. Various negotiation formats were developed, and instruments were designed to fulfill the technical assistant agreement entered into by the MSU. The development of policy parameters for the UCC to hire personnel, congruent with another agreement UCC has with the MSW/PH to operate the Area Hospital and two Health Centers on a lease, is an example of this type of encounter. This type of intervention took place during eight negotiation sessions held during the period.

Additional sessions with San Martín de Porras and El Progreso have also continued to provide opportunities for placing the project in a realistic "business" perspective relative to self-financing, and at the same time have clarified inaccurate perceptions about AID's funding policy. The suggestion of a Medical Group Plan for San Martín de Porras set the scenario for detailed explanations of all the elements of plan management. A preliminary Administrative Information System has been developed in rough draft as an educational aid which will become a frame of reference for the MSU staff as well.

These contacts clearly provided the opportunities to design and develop health delivery sub-systems, schedules of primary health services to be offered, and other "modules" (see Future Activities and Issues) as well as to provide the practical/appropriate context for additional health delivery models, commodity procurement, and logistical support for the specific tasks to be taken up later by short-term consultants.

A number of discrepancies were noted among the expected flow of project activities spelled out in the official documents. Because of the uncertainty of the status of the grantee, the lack of a Board of Directors and an Executive Director, dual roles have been imposed on various functionaries and agencies, particularly on the Long-Term Consultant, and the AID/Bolivia mission.

#### Pharmaceutical Procurement and Logistics (Article II, Section 3)

The present condition of the pharmaceutical market prompted the MSU to request in early January that the first short-term consultation deal with pharmaceutical procurement. Insufficient supplies of pharmaceuticals on a local level made the need for technical assistance crucial, particularly considering the delicacy of the status it might bring to the project should medications not be available. In addition, it was thought that the availability of these products might make the project more attractive to entities which doubted that the project would ever actualize. (The project had been in its planning stages since 1978.)

John O. Burns, the MSH consultant on pharmaceutical procurement and logistics, arrived on February 18, after having developed a set of epidemiological assumptions based on other MSH experience, since the FIDES data was not available. His specific work centered around identifying sources of local and international procurement, and arranging formularies, inventory and accounting procedures needed at the development stage of the project. An actual order was made, which at this time, is being processed at AID/Bolivia.

### Project Re-conceptualization

As noted before, it was apparent from the outset of the project that rapidly changing economic conditions in Bolivia made it questionable as to the tenability of the project as stated in the original project paper. Mission Orientation visits to business and government leaders lent sufficient credence to preliminary suggestions for project design changes that would guarantee more realistic and better results.

The AID Mission itself adopted the belief that the current economic crisis and the consequent diminution of family-level disposable income have so altered the original premise of the project that the original concept has become untenable. Rather than spell doom, this realization spelled the need for developing health care plans that would emphasize assistance to the poorer cooperatives as opposed to the more self-financeable entities. Otherwise stated, it means that the project will create various options for health care plan offerings, relative to the resources available, i.e., sugarcane coops (UCC) with greater resources vs. those with fewer resources (El Progreso). This implies that the terms of assistance to the MSU may need to be extended for a longer period, perhaps five years, and waivers can be made for utilizing a project expenditure format stated and spent in dollars. The MSU would form a partnership with cooperatives that have more resource potential and sell them technical assistance and other services (e.g. computer time, equipment and medication), while poorer coops would be provided technical assistance utilizing the principle of economies of scale.

### Summary

The project has developed for its collaborators a means of communications throughout the various starting periods and phases. It has also seen the development of working formats - a language for staff and clients, the expression of which permits the development of project specific tasks.

Consultation available from the Long-Term and Pharmaceutical Advisors have institutionalized procedures which should help the conduct of the project in the future. The MSU program development with the sugar cane growers for a prepaid services health plan based on self-imposed contributions should enhance the opportunities for project success. This opportunity has become apparent in recent legislation and in the initiative taken by growers and harvesters during the 1984 harvest to provide health services. It is assumed that these efforts will continue during the 1985 harvest, which is due to begin in late May or early June.

At any rate, it is anticipated that a great deal of effort will be spent in late April or early May on the development of financial plans for various health plan possibilities. These activities will be preceded by the Management Information Systems consultant, who will arrive on site in early April. The Financial Planning consultations will be divided among three different consultants in order to specialize their scopes of work that permit, for example, a nexus to the marketing plan whereby that same consultant designs the final changes upon completion of the marketing plan.

The Home Office Project Coordinator's visit in early March was very useful with regard to the project re-conceptualization. Dr. Catherine Overholt's knowledge of the project and of USAID itself undoubtedly made that task easier.

#### 4. FUTURE ACTIVITIES AND ISSUES

This report has thus far related activities carried out by MSH and its counterpart, the MSU, during the first quarter of their joint existence. The report has also provided, as called for in the USAID/MSH technical assistance contract, "...a review of contract activities to ensure meeting of contract objectives and, as necessary, to recommend to the MSU and USAID any required modification to the contract activities."

We expect that the project re-conceptualization is a step in the right direction and that for the time being, no further modifications will be necessary. Barring the need for a new grantee, it has already been noted that there are significant issues which need to be addressed in order to prevent potential problems.

Additional issues, which have been noted opportunely to USAID/Bolivia in the course of everyday transactions, pertain to personnel management, training, and motivation. The need for sufficient cash flow by the MSU is essential so that the project itself will not suffer a lack of resources.

##### Working Format

The format that MSH has created for further project development has already been forwarded to FIDES for application to on-coming data, and remains as a frame of reference for MSU staff to use when scheduling future activities. This format grows as a logical consequence of recently completed project activities and sets forth future milestones with reference to the self-financing feature. A format summary follows.

A set of working documents will be organized into files which, when compounded, will form "modules" or work references (manuals) for the project activity at hand. This system derives from the project re-conceptualization which permits a number of variables as indicated by the options in each module.

##### Basic Modules:

The Pre-Marketing Module permits the calculation of potential membership of all groups that have indicated a formal interest in participation in the project. The calculations relate to total group size, typical family size, desired plan characteristics, dispersion of group members, etc.. Supporting information contains all original contacts (La Merced, San Julian, and Mineros-CCAM), as well as later contacts such as San Martin de Porras, El Progreso, Mineros-UCC, and FeDeCan.

The Organizational Format Module is a promotional document which demonstrates the roles that involved organizations can play in the development of a plan in the project with regard to direct or indirect fiduciary relationships. This would leave either a cooperative services or fiduciary role for the MSU depending upon the outcome of negotiations. It also portrays alternative types of health services plans: Modified Group, Modified Staff, or Resource and Function Partnerships.

The Common Services Module includes services that the MSU would develop for participating organizations or itself, regardless of the options chosen in the organizational format. To this end the MSU has developed and documented the following roles.

1. The MSU as a provider of Technical Assistance:  
the MSU has identified 12 basic services related to plan management which it could provide to participating organizations or any plan of its own.
2. The MSU as a Supplier/Consumer/Facilitator of Medications and Pharmaceuticals:  
provides a role for the MSU in the identification, calculation, ordering, and establishment of a logistical support system for pharmaceuticals.
3. The MSU as a Supplier/Consumer/Facilitator of Medical Equipment:  
provides a role for the MSU in the identification, calculation, ordering, and establishment of a logistical support system for medical and other health care equipment.
4. The MSU as a provider of Management Information Systems:  
provides Management Information Systems and computer services for sponsored and affiliated health plans.
5. The MSU as a developer of appropriate primary health plan packages:  
(These have already been developed.)
6. The MSU as a trainer of its own and participating plan employees.

The Marketing Plan Module would: 1) finalize definitive market areas; 2) develop service plan rates; and 3) develop marketplace strategies for plan sales.

The Financial Plan Module will be developed as a prototype replicable in all of the options open to the project at this time. In other words, the Financial Plan Module will be repetitive through computerization not only between plans but also within the same plan on a quarter by quarter basis.

The Sensitivity Analysis Module will be developed in the same way as is the Financial Plans Module, not only to calculate financial trajectory in intrinsic terms, but also to deal with the dual issue of inflation/devaluation.

The Supervision and Control of Services Module will monitor services and was developed as an outgrowth of the Primary Health Services Package. This has already been developed and is in its finalization stage.

The Actuarial Analysis Module will complete the business end of the project and will be developed with external collaboration in the latter stages of the project.

Finally, the Training Packages Module will address training interventions for specific audiences, e.g., health promoters, consumers, auxiliary nurses, etc.

## 5. CONCLUSIONS

This report provides, in addition, an update of activities carried out by Management Sciences for Health and its Bolivia team for the period of January through March, 1985. It records the progress which has been made in reaching obtainable outputs and discusses the contribution of the MSH team members and their counterparts toward the achievement of a successful self-financeable project.

The events and incidents related above demonstrate a state of viable cooperation between USAID/Bolivia, the MSU, and MSH. Their continued cooperation should, in part, depend on the positive outcome of issues indicated for future intervention.

April, 1985.

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Anibal Mejia  
MSH Chief of Party,  
Santa Cruz, Bolivia