The IMF, the World Bank and the HIV/AIDS Crisis

Robert Weissman
Essential Action

How does Third World debt affect health care and HIV/AIDS treatment and prevention?

In two destructive ways: First, governments with overwhelming foreign debt payment obligations must cut back on what they might otherwise allocate to the healthcare sector, including funds that may be used for HIV/AIDS prevention -- condoms, HIV testing, posters, STD treatment, etc. They are utterly unable to address the challenge of HIV/AIDS treatment. Second, export earnings that go to service foreign debts are not available to pay for imports of pharmaceuticals, equipment or other products.

These problems are severely compounded by structural adjustment policies.

What is structural adjustment, and how does it affect health care expenditures?

As a condition for receiving loans, the International Monetary Fund (IMF) and World Bank require countries to adopt austerity programs known as structural adjustment. Key structural adjustment measures include: privatizing government-owned enterprises and government-provided services, slashing government spending, orienting economies to promote exports, trade liberalization, higher interest rates, eliminating subsidies on consumer items such as foods, fuel and medicines and tax increases.

After undergoing severe criticisms for forcing cuts in health care and education spending, the IMF and World Bank now insist that their current structural adjustment programs carve out social services from mandated budget cuts. This is a disputed claim.

The focus on health care spending obscures a more important issue with health care provision, Kolko notes. Structural adjustment policies have stagnated economic growth and increased income and wealth inequality throughout the developing world -- and the resultant poverty has severely undermined the standard of living and quality of health care for most people in poor countries.

How do fee-for-service plans and privatization affect health care provision?

Not surprisingly, charging for health care limits access. And user fees are a central feature of the fee-for-service schemes that the IMF and Bank push in their structural adjustment and sectoral adjustment programs.

One World Bank report argued that the pre-1980s policy of many African states "to treat [health care] as a right of citizenry and to attempt to provide free services to everyone ... prevents the government health system from collecting revenues that many patients are both able and willing to pay." Another report added, "When a service costs money, people will think twice about demanding it."

When the World Bank mandated that Kenya impose charges of US$2.15 for STD clinic services, attendance fell 35 to 60 percent, with similar results seen throughout the developing world.

What does this mean in people terms?

Here is how Njoki Njoroge Njehû, who is from Kenya and now direct the 50 Years is Enough campaign, describes her experience: "When I was a young girl growing up near
Nairobi, Kenyatta Hospital was the pride of East and Central Africa -- a sophisticated regional center of care like, say, the Washington Hospital Center."

"When I visited my aunt there in 1997, she was sharing a bed with another patient. Most wards have no beds because of lack of resources, and all the beds had two people in them. Guards used to check visitors to prevent them from bringing food in from the outside; now the guards are gone and if you don't bring food your relatives simply won't eat. My aunt was lucky that the dollars I brought with me could buy the medications she was prescribed, and which we had to purchase elsewhere and bring back to the hospital for the nurse to administer. Not everyone has relatives in the U.S., or can get to Kenyatta, the best public hospital in Kenya -- which is far from being one of the poorest African countries."

"In 1981, there were ten thousand people for every doctor in Kenya; by 1994 that ratio had gone up to nearly 22,000 people for every doctor. In Uganda, just to our west, there were 661 people for every hospital bed in 1981, while in 1994 there were 1,092 for every bed. In Ghana, a country often touted as an example of how structural adjustment can work, the percentage of infants with low birth weight has gone from 5% in 1988 to 17% in the period of 1992-1995."

Does structural adjustment contribute to the spread of HIV/AIDS?

In the journal AIDS, Dr. Peter Lurie and collaborators argued yes. They argued that the displacement of the rural sector under structural adjustment programs -- as imports undermine local farmers and the shift to large-scale plantations for exports further displaces the rural population -- contributes to migration and urbanization. Many men leave rural villages for work in big cities or in mines, contract HIV/AIDS from casual sex partners or sex workers, and then spread the disease to spouses in their home village. The displacement of children and young women into the cities has led to a sharp increase in commercial sex work and heightened rates of HIV/AIDS.

"The breakdown of health delivery systems that may accompany structural adjustment programs also inhibits surveillance and testing for HIV," Lurie, et. al. add. "Even HIV screening of blood used for transfusion can be limited; in some countries only 50 percent of blood transfusions were screened. Funding shortages also encourage the reuse of disposable syringes, potentially contributing to HIV transmission."

What are the solutions to these problems?

First, the debts of the poorest countries must be cancelled. Second, the structural adjustment package must be scrapped, with countries free to pursue policies designed to emphasize building up of the local economy and maintaining the government's role in guaranteeing health care and other essential services. Third, the World Bank and IMF's emphasis on health care privatization and fee for services must be abandoned.

For more information, visit the Health Gap web site at www.healthgap.org

Robert Weissman can be reached at: Essential Action P.O. Box 19405 Washington, D.C. 20036 Telephone: 202-387-8030 • Fax: 202-234-5176 • E-mail: action@essential.org