

Structural Adjustments and their impact on Nicaragua's Health Care System

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ABSTRACT

World Bank and the International Monetary Fund (IMF), two of the largest international financial institutions (IFIs), have played a key role in the adoption of broad structural adjustment policies by developing countries. Through financial aid in the form of structural adjustment loans, the World Bank and IMF have enforced policies that reduces inflation and fiscal imbalance. These policies include a reduction in social spending, the restructuring of health systems, and the privatization of the public sector. Since 1990, Nicaragua's move toward decentralizing health services, in compliance with pressure from IFIs, has resulted in the reduced equity and accountability of the health sector. In my research, which analyzed IFI's means of health intervention, emphasis was placed on the impact that neoliberalism, policies focused on economic growth, has on the Nicaraguan poor. Studying the effects of structural readjustments, loan conditions, may help further highlight the connection between economic policy and social policy. In accordance with the World Health Organization's (WHO) framework on the social determinants of health, both economic and social policy, play a key role in health outcomes. While the World Bank's official goal may be a world free of poverty, its direct impact on developing countries, along with that of the IMF, may have worsened the life of the world's poor.

HISTORICAL BACKGROUND

From 1980 to 1985 the *Frente Sandinista de Liberación Nacional* (FSLN) of Nicaragua created a "national system of health services delivery under the new Ministry of Health (MINSa), vastly expanding primary health care capacity from less than 200 to over 800 staffed health units and expanding access to care from 30 to 70 percent of the population." (Birn et al, 2000)



RESULTS OF THESE EARLY EFFORTS:

- In 1982, nearly 4 million vaccinations were provided;
- By 1984 vaccination programs had nearly eradicated polio and measles, and malaria had been reduced by 40% due to the heavy distribution of anti-malaria drugs;
- Health, as a percent of national budget, more than tripled --- from 3% to 11%
- infant mortality per 1000 births was significantly reduced. (Lefton 1984)

NEOLIBERAL SHIFT



- 1990: Violeta Chamorro defeated the Sandinistas at the national elections and became president of Nicaragua.
- Her main priority became "stabilizing the economy, partly through reducing spending on social services." (Birn et al, 2000).

RESULTS OF THE NEW GOVERNMENT:

- The number of public sector employees was reduced by 15,000
- Money was devaluated in efforts to: a) reduce public spending, b) encourage retirement of health care and education workers, c) and lower salaries by keeping them below the inflation rate. (Birn et al, 2000).
- MINSa (the nation's health care system) was broken up into 17 decentralized departments (SILAIS)
- Health spending was reduced by 12% in four years.
- "Under pressure from the IMF, the World Bank, and other agencies, the Chamorro government [introduced...] user fees and [...] private services." (Birn et al, 200)

STRUCTURAL READJUSTMENT POLICIES

What are they?

Loan conditions developed by:



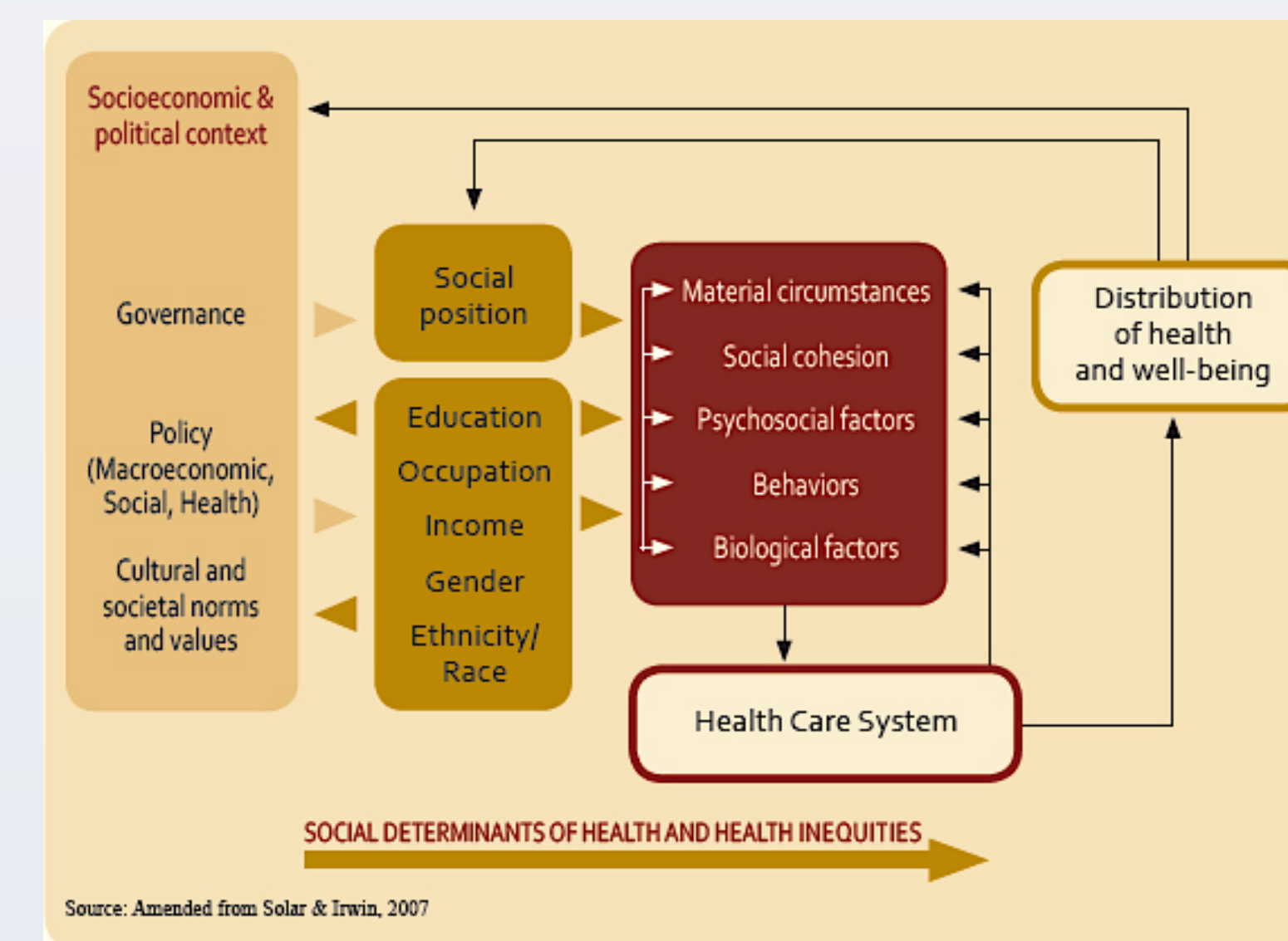
In the form of policies that support efforts to:

- 1) stabilize national economies,
- 2) control inflation,
- 3) reduce fiscal deficits, and
- 4) government intervention in [...] social and economic policies." (Armada et al, 2001)

HEALTH AND SOCIAL IMPLICATIONS

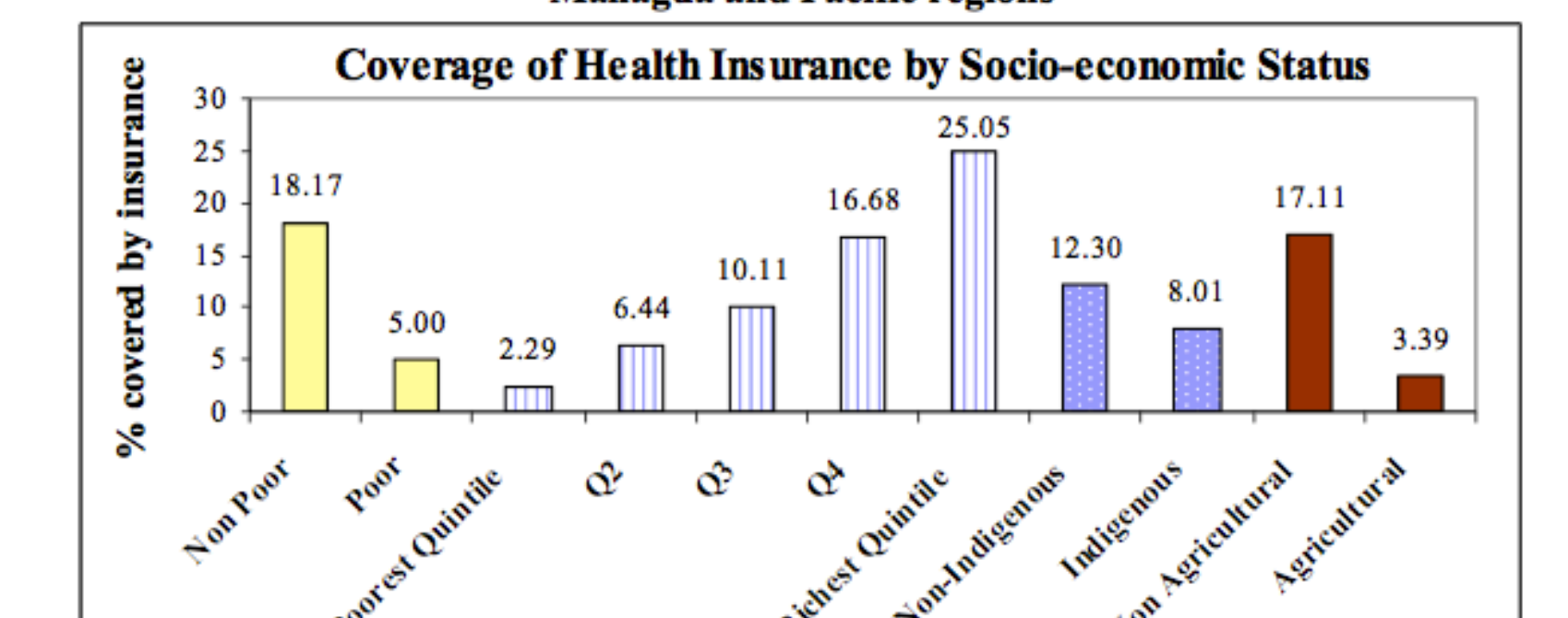
Consider these implications for the programs currently in place in Nicaragua and perhaps the result of neoliberal ideology:

- 48% live in poverty;
- 60% have access to health services;
- 40% have no access to health care (Tesler, 2010)
- In 2008, 55% of the Nicaraguans lacked access to medications.
- 20% of all Nicaraguans must spend more than 10% of income on health care (Cortez et al. 2008)



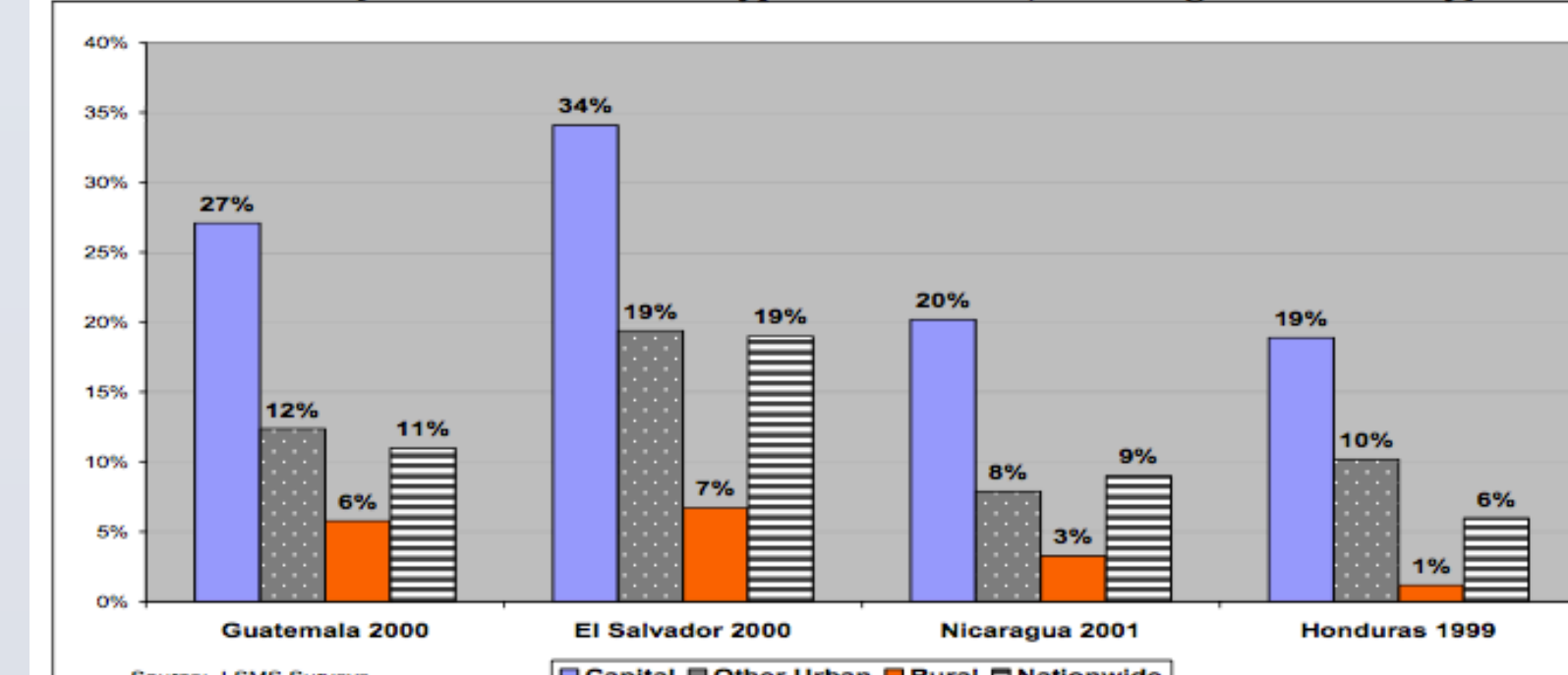
Health Insurance Coverage:

Figure 25: Access to health insurance is concentrated among the urban non-poor living in the Managua and Pacific regions



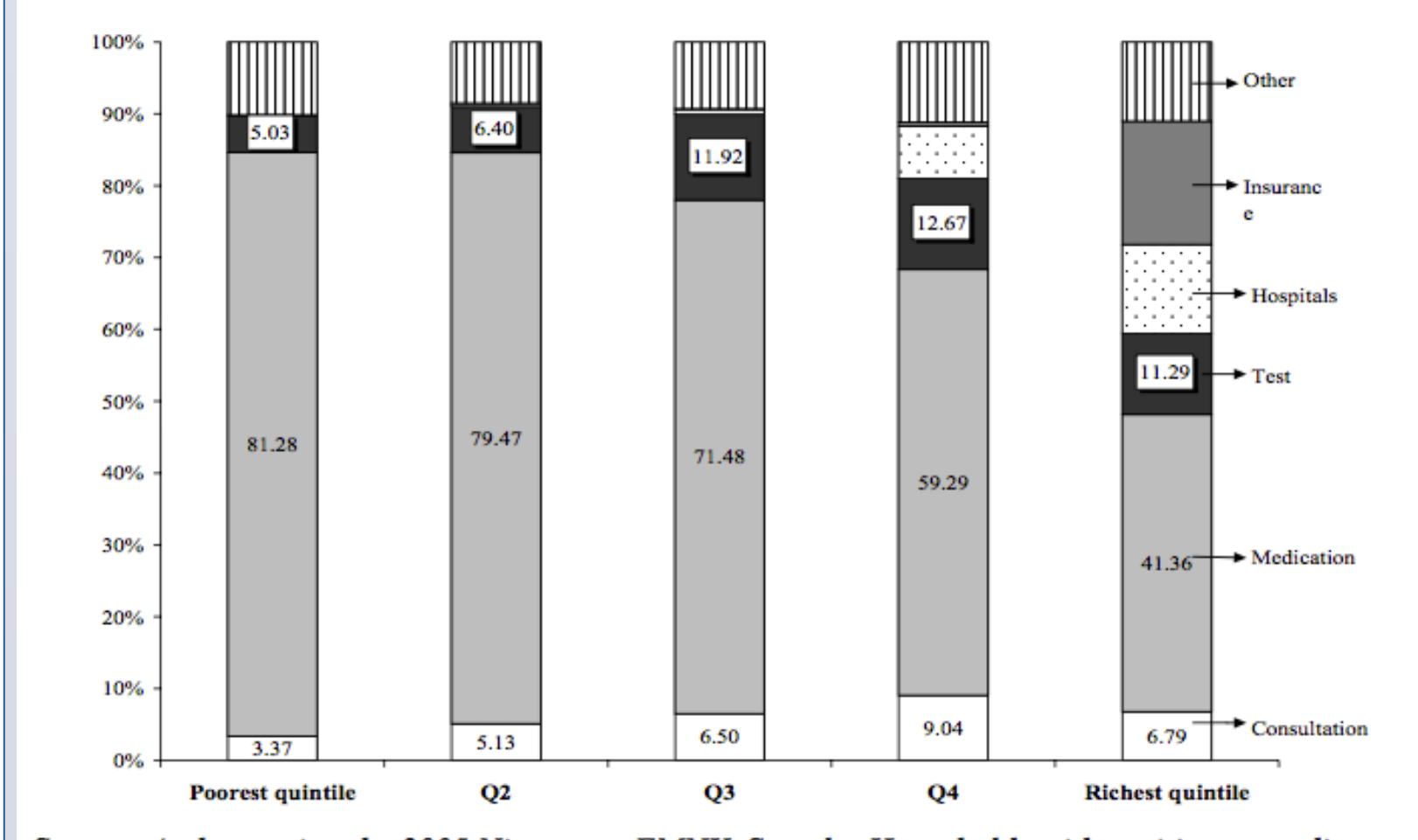
Access to health insurance concentrated among the urban non-poor

Figure 24: Only 9 out every 100 individuals in Nicaragua are covered by some type of health insurance (Estimates include all types of insurance, including Social Security)



Households spend significant amounts on health services

Figure 18: Expenditures on insurance and hospitalization are a significant fraction of overall expenditures on health among households in the upper quintiles



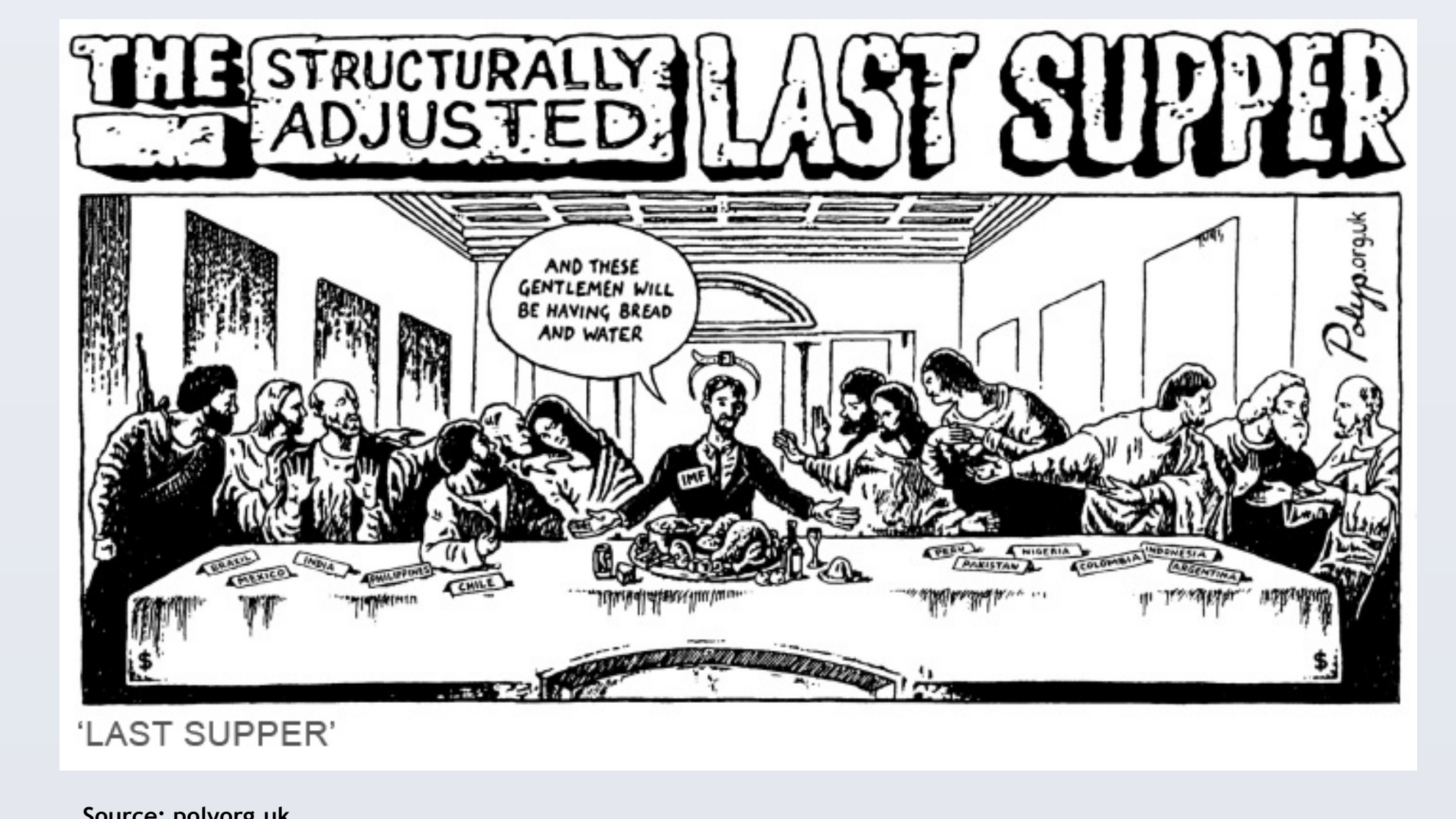
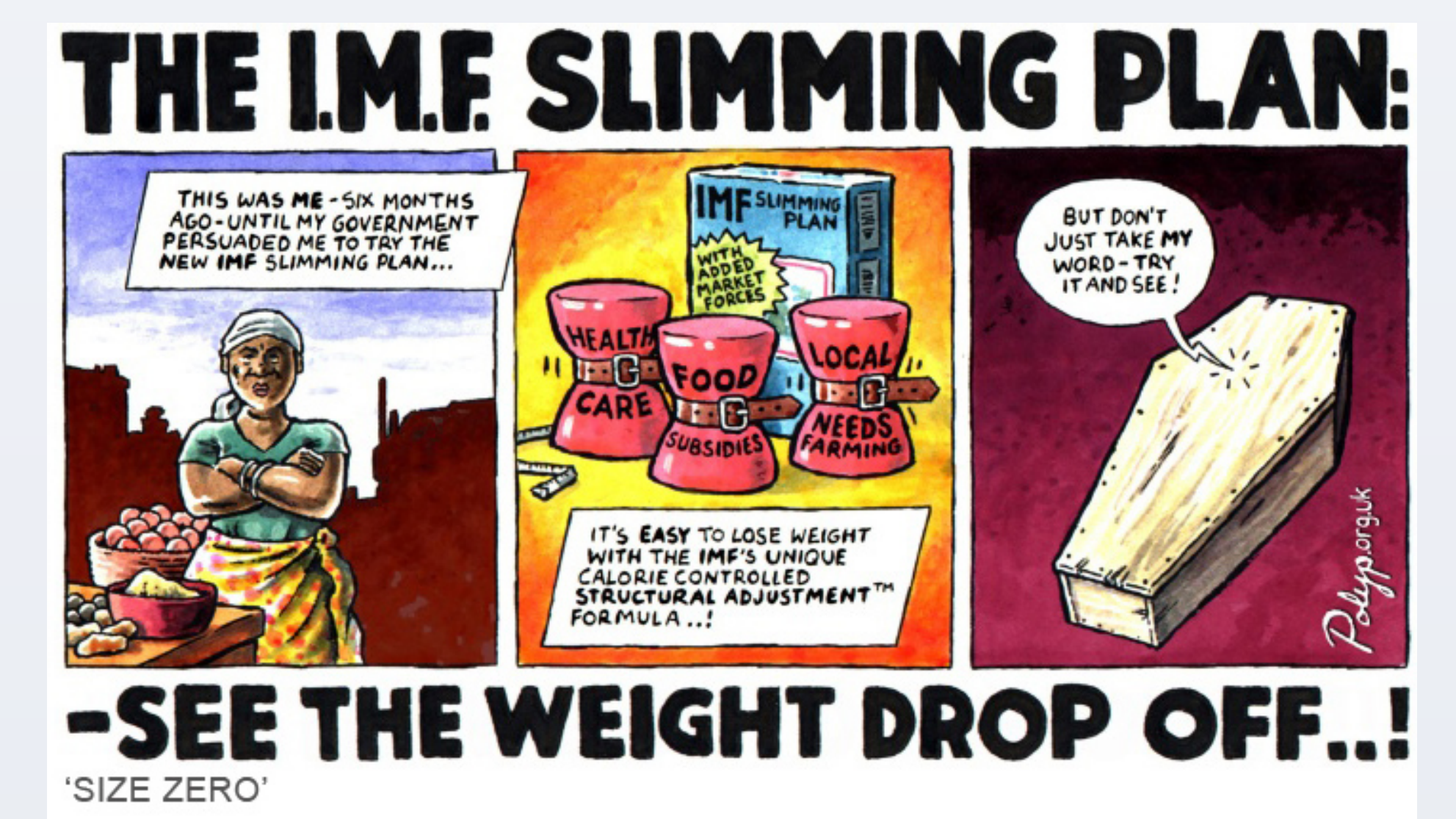
In 2006, only 9 out of every 100 individuals were covered by health insurance

POLARIZING VIEWS

WHO CHAMPIONS STRUCURAL READJUSTMENTS? WHY?

- Transnational corporations (profit)
- International Financial Institutions (promotion of free trade)
- HMO's and private health insurance firms (profit)
- Conditions exclude health policies that may have a damaging impact on corporate profit.
 - Ex: "safety programs in factories and agriculture, accident reduction in vehicle transportation, tobacco reduction, the promotion of generic drugs, and the promotion of essential drug lists; all of which at a very low cost would have improved significantly the health of the populations." (Homedes et al, 2005)

VIEWS OF THE OPOSITION (as expressed through satirical cartoons)



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