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IMF, World Bank policies may share blame in Ebola crisis

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Alpha Conde, the president of Guinea, was stunned. In front of him, Christine Lagarde, the Managing Director of the International Monetary Fund, had just called for an increase in the country's budget deficit so that it could battle Ebola—a complete reversal from the Fund's orthodox view that deficits must be closed.

"The IMF doesn't say that very often," Lagarde admitted later. "It is good to increase the fiscal deficit when it's a matter of curing the people."

Conde, whose country is one of three in West Africa hit hard by the epidemic, called it "quite a change from the usual narrative."

That exchange, at the beginning of October in Washington, represented both the evolution and longstanding ambiguities in how the IMF and the World Bank help the world's poorest countries.

The two powerful development institutions have loosened their purse strings to help fight Ebola, which has killed more than 5,100 people mainly in Liberia, Guinea and Sierra Leone since early this year.

But at the same time they are accused of having weakened public health services in West Africa as they imposed rigorous controls on borrower country budgets.

The IMF's responsibility "is obvious" said Olivier Bouchard, a specialist in infectious disease at Avicenne hospital near Paris.

"Though that must be tempered with the knowledge that the leaders of the countries themselves always had the choice to emphasize one expenditure or another... and waste less," he added.

Hands tied

The accusation arises from the IMF's "structural adjustment" programs of the 1980s and 1990s, which tied loans to strict budget regimes, and might have resulted in cuts to health spending.

"These arrangements tied the hands of governments so that when there were disease outbreaks, they didn't have the resources in place to control them," said David Stuckler, Professor of Political Economy at Oxford.

According to his research covering 1996-2006, expenditures on health care in countries under IMF programs grew at about half the speed of those not beholden to the Fund.

As for the World Bank, health expert Mohga Kamal-Yanni of the anti-poverty group Oxfam pointed at the way its promotion of health care user fees diminished the role of the state in delivering services.

The result in the countries hit by Ebola, she said, is "no health workers, no health units, no available medicine."

"Our systems were left worse off by the difficulty to invest in social services and particularly in health," Dede Ahoefa Ekoue, Togo's Minister of Social Action, told AFP. Togo is responsible for coordinating the anti-Ebola fight in West Africa.

The criticisms aren't new. In 2002 Nobel prize winner Joseph Stiglitz accused the IMF of having forced Thailand to chop its health spending during the Asian crisis of 1987-88, risking undermining the country's fight against HIV. The IMF though rejected his accusations as "especially pernicious."

Years later, the debate remains alive.

Amanda Glassman, director of Global Health Policy at the Center for Global Development, was not ready to blame the two Washington-based institutions.

"The external world thinks that IMF and World Bank have much more influence that they actually do," she said.

According to Glassman, conflicts and bad governance were more responsible for the weakening of health spending in the sub-Sahara region, which fell from 6.9 percent of GDP in 2005 to 6.5 percent in 2012.

New flexibility?

Both institutions argue that they have changed their policies and become more flexible.

"Structural adjustment? That was before my time, I have no idea what it is. We don't do that any more," Lagarde said in April when asked about aid to Guinea.

An IMF spokesman argued that without a Fund program, a financially struggling government "would have to face more difficult choices."

"Since 2009, loans from the IMF to low-income countries have been at zero interest rate, which has freed up resources for countries to spend more on health and education," he told AFP.

World Bank President Jim Yong Kim, a medical doctor, specialized in infectious disease, has reinforced the bank's focus on poverty and health since he took charge two years ago.

"Over the past five years, the World Bank Group has shifted its strategy in health, nutrition and population to focus on supporting countries to strengthen their health systems," said a spokesman.

Both also cite their quick mobilization against the current Ebola outbreak.

The World Bank has set out $1 billion to support health for the affected countries, while the IMF has offered $430 million in loans and debt alleviation.

But some still hold doubts. According to Kamal-Yanni, despite the changes in the institutions' headquarters, "it's sometimes harder to see the effects on the ground."

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