IMF lending conditions curb healthcare investment in West Africa, study finds

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A new study suggests that lending conditions imposed by the International Monetary Fund in West Africa squeeze "fiscal space" in nations such as Sierra Leone - preventing government investment in health systems and, in some cases, contributing to an exodus of medical talent from countries that need it most.

Researchers from the Universities of Cambridge, Oxford and the London School of Hygiene & Tropical Medicine analysed the IMF's own primary documents to evaluate the relationship between IMF-mandated policy reforms - the conditions of loans - and government health spending in West African countries.

The team collected archival material, including IMF staff reports and government policy memoranda, to identify policy reforms in loan agreements between 1995 and 2014, extracting 8,344 reforms across 16 countries.

They found that for every additional IMF condition that is 'binding' - i.e. failure to implement means automatic loan suspension - government health expenditure per capita in the region is reduced by around 0.25%.

A typical IMF programme contains 25 such reforms per year, amounting to a 6.2% reduction in health spending for the average West African country annually.

The researchers say that this is often the result of a policy focus on budget deficit reduction over healthcare, or the funnelling of finance back into international reserves - all macroeconomic targets set by IMF conditions.

The authors of the new study, published in the journal *Social Science and Medicine*, say their findings show that the IMF "impedes progress toward the attainment of universal health coverage", and that - under direct IMF tutelage - West African countries underfunded their health systems.

"The IMF proclaims it strengthens health systems as part of its lending programs," said lead author Thomas Stubbs, from Cambridge's Department of Sociology. "Yet, inappropriate policy design in IMF programmes has impeded the development of public health systems in the region over the past two decades."

A growing number of IMF loans to West Africa now include social spending targets to ensure that spending on health, education and other priorities are protected. These are not binding, however, and the study found that fewer than half are actually met.

"Stringent IMF-mandated austerity measures explain part of this trend," said Stubbs. "As countries engage in fiscal belt-tightening to meet the IMF's macroeconomic targets, few funds are left for maintaining health spending at adequate levels."

The study also shows that the 16 West African countries experienced a combined total of 211 years with IMF conditions between 1995 and 2014. Some 45% of these included conditions stipulating layoffs or caps on public-sector recruitment and limits to the wage bill.

The researchers uncovered correspondence from national governments to the IMF arguing that imposed conditions are hindering recruitment of healthcare staff, something they found was often borne out by World

Health Organisation (WHO) data. For example:

* In 2004, Cabo Verde told the IMF that meeting their fiscal targets would interrupt recruitment of new doctors. The country later reported to the WHO a 48% reduction in physician numbers between 2004 and 2006.

* In 2005, a series of IMF conditions aimed to reduce Ghana's public sector wage bill. The Ghanaian Minister of Finance wrote to the IMF that "at the current level of remuneration, the civil service is losing highly productive employees, particularly in the health sector". Wage ceilings remained until late-2006, and the number of physicians in Ghana halved.

"IMF-supported reforms have stopped many African countries hiring, retaining or paying healthcare staff properly," said co-author Alexander Kentikelenis, based at the University of Oxford.

"Macroeconomic targets set by the IMF - for example, on budget deficit reduction - crowd out health concerns, so governments do not adequately invest in health."

The IMF's extended presence in West Africa - on average 13 out of 20 years per country - has caused considerable controversy among public health practitioners, say the researchers.

"While critics stress inappropriate or dogmatic policy design that undermines health system development, the IMF has argued its reforms bolster health policy," said Stubbs.

"We show that the IMF has undermined health systems - a legacy of neglect that affects West Africa's progress towards achieving universal health coverage, a key objective of the United Nation's Sustainable

Development Goals."

More information: Thomas Stubbs et al, The impact of IMF conditionality on government health expenditure: A cross-national analysis of 16 West African nations, *Social Science & Medicine* (2016). DOI: 10.1016/j.socscimed.2016.12.016

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