

Health Services or Debt Servicing: *SAPs in the Philippines and the healthcare delivery system*

Ruel Caricativo, BA Social Science
Erlinda Castro-Palaganas, PhD, RN
Marian Sanchez, BA Social Science
University of the Philippines Baguio

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Ruel Caricativo, BA Social Science
Erlinda Castro-Palaganas, PhD, RN
Marian Sanchez, BA Social Science

Principal Investigators:

Ivy Lynn Bourgeault, PhD
Ronald Labonté, PhD
Gail Tomblin Murphy, PhD

Introduction

- This paper is an integrative and critical review of literature on the effects of IMF-WB's SAPs to the availability of and access to healthcare services of the vulnerable sectors of Philippine society, such as women and children.
- This is part of the scoping study for the inter-country research entitled "Source Country Perspectives on the Migration of Health Personnel: Causes, Consequences and Responses – The Philippines".

Outline

- A. Brief background on IMF-WB and SAPs
- B. Context and beginnings of SAPs in the Philippines
- C. Impacts of SAPs to the availability of and access to healthcare services of the vulnerable sectors of Philippine society

The IMF-WB and structural adjustment

- Created to regulate the world market to prevent poverty, depression, and another world war but during the Bretton Woods Conference, the “decisive factor was the reality of American power” (Ismi, 2004: 7)
- Debt crisis during the 1980s gave Washington the opportunity to open up developing countries’ economies through IMF-WB’s structural adjustment programs (Bello, 1992; Babb, 2005; Edwards, 1989)
- Structural adjustment served as a disciplining mechanism used by developed countries to exercise indirect control over developing countries

The context, 1946-1980

- 1946-1949: Trade deficits
 - 1946: Bell Trade Act
 - 1949: Balance of Payment (BoP) crisis
- 1949 to 1958: Exchange and import controls
- 1962: Decontrol policy
- 1970s: External debt increased
- 1981-1990: Trade deficits
 - 1983: BoP crisis
 - 1986: Executive Order 292
- 1990: Total external debt at \$29.9 billion
- 1991-1998: Trade deficits
- 1998: Total external debt at \$47.8 billion

SAPs in the Philippines, 1980-1998

Table 1. WB Structural Adjustment Loans to the Philippines, 1980-1998

Structural Adjustment Loans	Amount (US\$M)	Approval Date
Contractual savings reform	100.0	Pipeline
Banking system reform	300.0	03-Dec-98
Economic integration	200.0	10-Dec-92
Environment & natural resource management	224.0	25-Jun-91
Debt management program	200.0	21-Dec-89
Financial sector adjustment	300.0	04-May-89
Program for government corporations	200.0	15-Jun-88
Economic recovery program	300.0	17-Mar-87
Agricultural sector/input	150.0	04-Sep-84
Structural adjustment loan (SAL) II	302.3	26-Apr-83
Structural adjustment loan (SAL) I	200.0	16-Sep-80
Total	2,476.3	

Source: World Bank in Diokno-Pascual (2000)

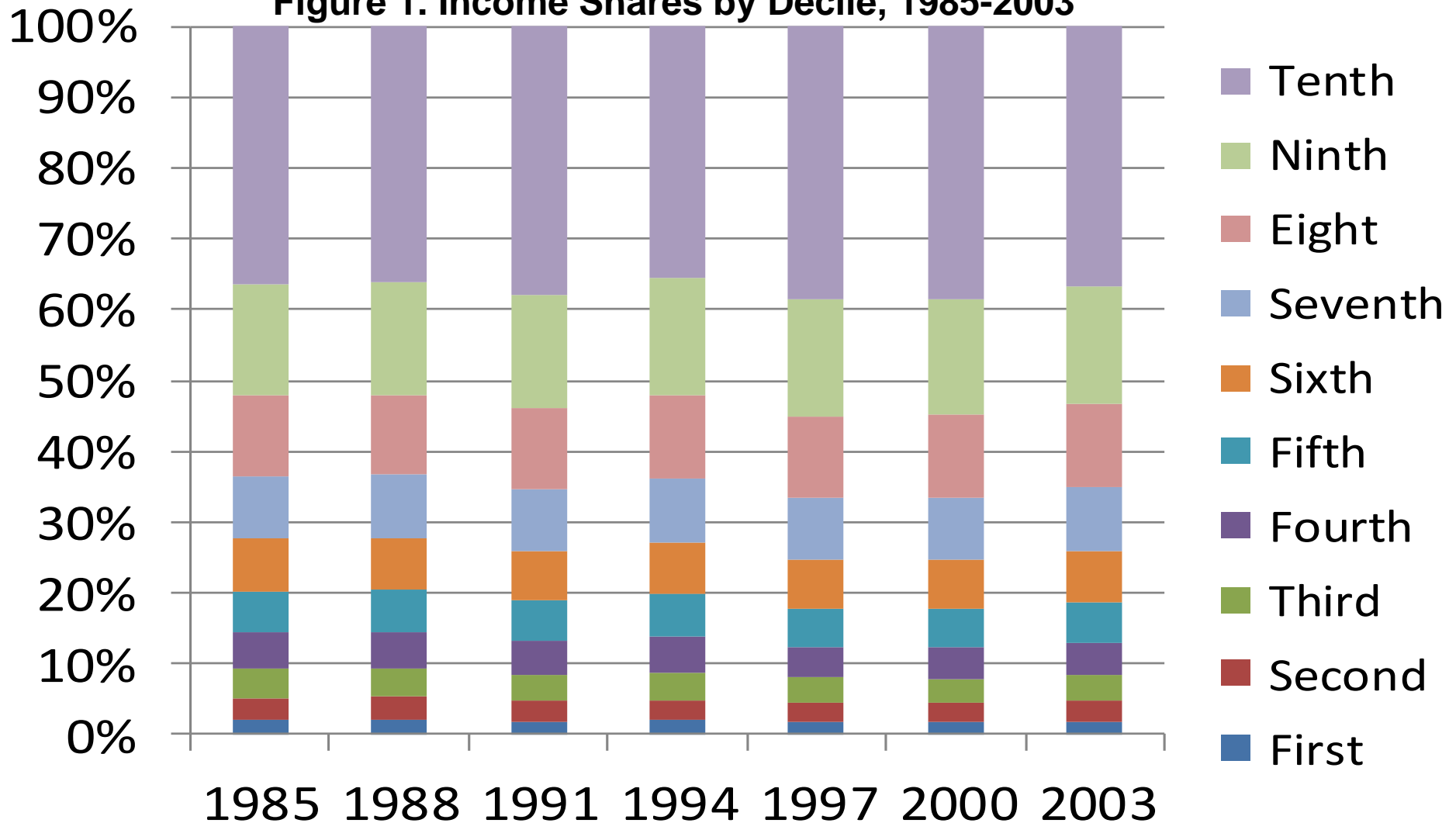
Chronically ill

The negative impacts of SAPs to marginalized sectors in the Philippine society are manifested through:

- (a) deepening poverty and income inequality;
- (b) declining budget for healthcare in favor of continued debt servicing; and,
- (c) migration of human resources for health.

Poverty, income inequality, and access to healthcare services

Figure 1. Income Shares by Decile, 1985-2003



Poverty, income inequality, and access to healthcare services

UNICEF Report (1988 to 2009):

- Neonatal mortality rate dropped by only 2%
- Under-5 mortality rate dropped by 46%
- Under-5 mortality rate remain highest in the poorest sectors of society, in rural areas, and among families with low educational status
- Almost 3.6 million Filipino children aged 1-5 years old are underweight while 4 million are stunted
- Lack of food, poor feeding and care practices, poor health conditions of pregnant and breastfeeding women, lack of access to health services, and unsanitary conditions

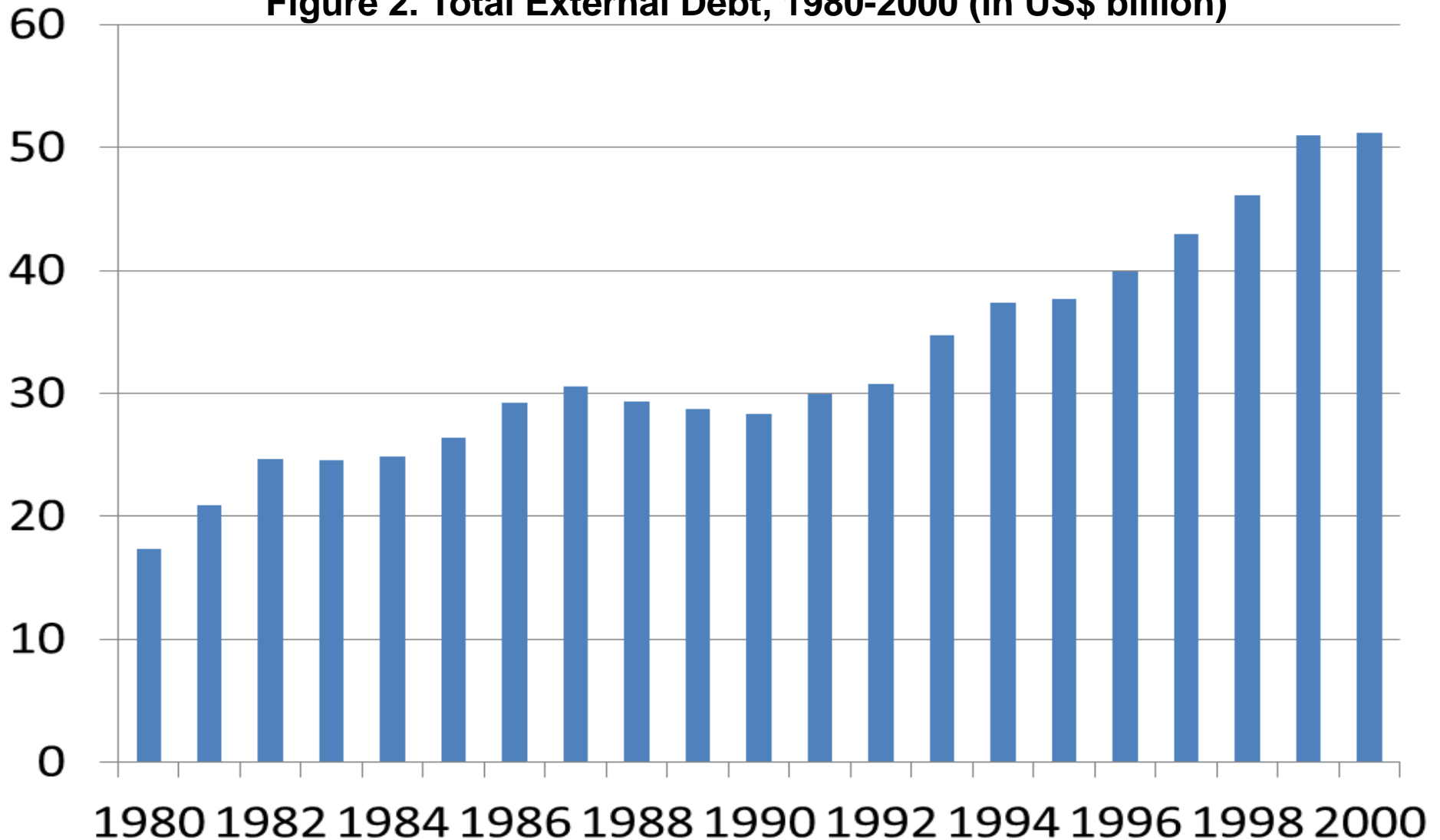
Poverty, income inequality, and access to healthcare services

UNICEF Report (1988 to 2009):

- Maternal mortality rate decreased by only 22 percent
- More maternal deaths are observed among poor women and those who had little or no education

Debt servicing and declining budget for healthcare

Figure 2. Total External Debt, 1980-2000 (in US\$ billion)



Source: Bangko Sentral ng Pilipinas

Debt servicing and declining budget for healthcare

- Total number of hospitals
 - Increased from 1,036 in 1976 to 1,781 in 2007
 - Most of these hospitals are privately-owned
 - Most are concentrated in the urban areas
- Health worker per 10,000 Filipinos
 - In 2007: 0.34 doctors and 0.05 nurses per 10,000 Filipinos
- Hospital beds per 10,000 Filipinos
 - Decreased from 17.6% in 1976 to 11.7% in 2006
 - The share of private hospitals in terms of bed capacity increased from 41% to 49% in 2006

Migration of human resources for health

- Push factors
 - “Culture of migration” (Hawthorne, 2001)
 - Minimal employment opportunities
 - Instability of the country’s existing socio-political situation (Bongtiwon, 2011; Allad-iw, 2007; Cassanova-Corrigan, 2007)
 - Poorly resourced health care facilities
 - Poor and unsafe working environment (Brush, & Sochalski, 2007)
 - Poor quality of life and educational system for their children (Ronquillo et al, 2005)

Migration of human resources for health

- Pull factors
 - Better employment opportunities and better remuneration
 - Immigration policies of destination countries
 - Better educational opportunities and quality of life for their children (Lorenzo et al., 2007; Lorenzo et al., 2006; Henderson & Tulloch, 2008)

Conclusion

- IMF-WB's SAPs had severe consequences for the Philippines
- Reduced availability of and access to healthcare services of vulnerable sectors
- Declining quality of healthcare services due to declining government allocation
- Dismal health human resource development
- IMF-WB's SAPs resulted to the persistent overseas migration of Filipino human resources, specifically its health personnel



Maraming salamat po.