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The African Development Bank and women's health: A cross-national analysis of structural adjustment and maternal mortality

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ABSTRACT

We conduct a cross-national analysis to test the hypothesis that African Development Bank (AfDB) structural adjustment lending adversely impacts maternal mortality in Sub-Saharan Africa. We analyze data for thirty-five Sub-Saharan African nations with up to four time points (1990, 1995, 2000, and 2005) with generalized least squares random effects regression models and modified two-step Heckman models that correct for potential endogeneity regarding whether or not a Sub-Saharan African nations receives an AfDB structural adjustment loan. We find support for our hypothesis that indicates that Sub-Saharan African nations that receive an AfDB structural adjustment loan tend to have higher levels of maternal mortality than Sub-Saharan African nations that do not receive such a loan. This finding remains stable even when controlling for endogeneity. We conclude by talking about the theoretical and methodological implications along with possible directions for future research.

1. Introduction

The "debt crisis" of the 1980s was highlighted by an inability of poor nations to generate enough revenue to make payments on their mounting foreign debts (Peet, 2003). The International Monetary Fund (IMF) and World Bank (WB) responded to the debt crisis by rescheduling loan payments and providing governments with new loans (McMichael, 2004). These new loans, known as structural adjustment loans, were designed to resolve balance of payment issues by requiring indebted nations to institute a variety of macro-economic policy reforms in return for the money (Rich, 1994). The reforms involve devaluing currency, reducing government spending, liberalizing trade, and privatizing government assets (Bryant and Bailey, 1997). The underlying logic behind structural adjustment is an attempt to stimulate economic growth and generate currency for debt repayment by increasing revenues while cutting expenditures.

While this "earn more" and "spend less" model may facilitate debt repayment, structural adjustment has been associated with increased health problems in indebted nations. For instance, Bradshaw et al. (1993) find that IMF structural adjustment is associated with higher levels of child mortality. Around this time, Floro (1995), Beneria (1995), Sparr (1994), Collier (1993), and Elson (1995) among others began to describe how women are *uniquely* and *disproportionately* affected by structural-adjustment in indebted nations. Following such observations, Buchman (1996) finds that IMF structural adjustment is

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associated with higher levels of maternal mortality using cross-national data for samples of low and middle income nations. A number of explanations have been put forward to explain why structural adjustment should be associated with higher levels of maternal mortality.

To begin, structural adjustment loans require cuts to government spending for health, nutrition, and family planning (Cliff, 1991). This often translates into health facilities closing, thereby increasing the time women travel for prenatal and postnatal care and, consequently, leading many of them to skip visits or abandon them altogether (Kamara, 2000). Further, the cuts often correspond with the implementation of user fees and requiring women to buy gloves, surgical blades, syringes, and disinfectants for use during birth, which many women cannot afford (Parsitua, 2008). Moreover, indebted nations must liberalize trade by providing economic incentives (e.g., tax breaks) and regulatory concessions (e.g., exemptions to health, environment, and labor laws) to foreign investors (London and Ross, 1995). While increased investment of this sort may generate some higher paying jobs, the economic benefits of foreign capital are mostly concentrated among a small fraction of the local population so poverty and health problems remain pervasive (Evans, 1979). This is especially true for women, who make up the majority of the workforce in the export sector (Elson, 1995).

It is also important to note that borrowing country may be given a choice regarding what areas to cut government spending (Wuyts, 1996). In such instances, a country may disproportionately cut spending in health sector to protect spending in other areas. By prioritizing non-health spending, a government may well be sacrificing the well-being of mothers because fewer resources are available for investment in programs to curb maternal mortality. For instance, Wuyts (1996) finds that Mozambique drastically reduced health expenditures in order to keep military spending high when under structural adjustment. This was partially due to large amounts of bilateral aid being available to fund health programs (Wuyts, 1996).

Despite quite a large literature describing how IMF and WB structural adjustment impacts maternal mortality, we are not aware of any cross-national research that considers the impact of African Development Bank (AfDB) structural adjustment lending on it. This is surprising for several reasons. First, the AfDB surpassed the WB as the largest lender to indebted nations in Sub-Saharan Africa in 2008 (African Development Bank, 2010). Second, the AfDB has been implementing structural adjustment loans since the late 1980s (Babb, 2009). At present, twenty-nine percent of its total lending portfolio goes toward structural adjustment loans (African Development Bank, 2010). Third, AfDB structural adjustment loans tend to be similar to loans offered by the IMF and WB (Babb, 2009). This is because the IMF and WB cofinance loans with the AfDB while training AfDB staff in how to implement and monitor compliance with structural adjustment loans (English and Mule, 1996). Further, non-regional members (i.e., United States) have made funding of the AfDB contingent on greater implementation of structural adjustment loans that are designed in conjunction with the IMF and WB (Babb, 2009). Fourth, while maternal mortality has nearly been halved worldwide since 1990, Sub-Saharan Africa accounts for 56% percent of maternal deaths. At 500 deaths per 100,000 live births, the region has the highest maternal mortality rate in the world, and only two Sub-Saharan African countries have met, or are on track to meet, the United Nations Millennium Development Goal of reducing the maternal mortality rate by 75% in 2015 (United Nations Development Program, 2013). Fifth, panel data on maternal mortality (World Health Organization, 2010) and AfDB structural adjustment lending (Findley et al., 2010) are now available and easily accessible online, enabling us to determine if AfDB may be contributing to high levels of maternal mortality in Sub-Saharan Africa.

Thus, we seek to address this gap in the literature by conducting a cross-national study that examines the impact of AfDB structural adjustment lending on maternal mortality. We begin with a discussion of the AfDB, why it began making structural adjustment loans, and why its structural adjustment loans are similar to IMF and WB structural adjustment loans. We then describe why we hypothesize that AfDB's loans should adversely affect maternal mortality in Sub-Saharan Africa. We go on to elaborate upon other factors that may influence maternal mortality when we describe our independent variables. Next, we describe our methodology with a focus on ensuring the findings are not a result selection bias or endogeneity issues. We conclude by discussing the findings followed by the theoretical and methodological implications of this study.

2. The AfDB: History, structure, and lending

The AfDB was established in 1964 by thirty-five African nations. Unlike the Inter-American Development Bank and the Asian Development Bank, membership in the AfDB was open only to African nations (English and Mule, 1996). The creation of an exclusively African institution was a demonstration of the continent's ability to promote development without support from abroad and an outward manifestation of members' efforts to rid themselves of their colonial legacy (Mingst, 1990). The AfDB also claimed that it was better suited to make loans than other multilateral donors because its African character not only enabled it to better understand economic challenges unique to the continent but also deemed it a more legitimate development agency among African stakeholders (Babb, 2009). The AfDB was also unique in that all members were accorded equal voting on the Board of Governors (rather than a weighted system based upon subscriptions paid in by nations), which decides all aspects of loans being made by the institution (Edwards and Hulme, 1996).

However, there were financial implications that followed from creating an exclusively African institution. The AfDB was only able to provide non-concessional loans, loans with interest rates and repayment schedules similar to market rates, to member nations. This was due to it lacking enough capital reserves to support concessional lending that carry low interest rates and longer repayment schedules (English and Mule, 1996). Consequently, many of the poorest members of the AfDB could not qualify for non-concessional loans (Mingst, 1990). Additionally, several member nations were in arrears on both subscription and outstanding non-concessional loan payments (English and Mule, 1996).