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CENTRAL AMERICA: Health improvements will be slow

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Abstract

Challenges in improving public healthcare in Central America.

Public healthcare spending has increased in Central America over the last two decades. However, advances towards universal coverage have been uneven, with major differences between El Salvador, Nicaragua and Guatemala. While reforms have resulted in better services and more effective regulation of the private sector in El Salvador, Guatemalan health services have improved little and health indicators are comparatively poor.

Full Text

SUBJECT:Challenges in improving public healthcare in Central America.

SIGNIFICANCE:Public healthcare spending has increased in Central America over the last two decades. However, advances towards universal coverage have been uneven, with major differences between El Salvador, Nicaragua and Guatemala. While reforms have resulted in better services and more effective regulation of the private sector in El Salvador, Guatemalan health services have improved little and health indicators are comparatively poor.

ANALYSIS: Impacts.

Salvadoran public debt may rise significantly as Sanchez Ceren attempts to sustain health spending.

The pace of improvements in Guatemala will continue to lag behind those in Nicaragua and El Salvador.

FSLN complacency may hinder public healthcare advancement in Nicaragua.

In recent years, a coalition of international and non-governmental organisations (NGOs) has urged countries to move towards universal healthcare provision, with the aim of guaranteeing good-quality health services for whole populations.

Where possible, governments are expected to work towards narrowing the provision gap between wealthy and low-income groups, contributing to:

increased protection for the emerging middle classes, which remain vulnerable in most of Central America;

better health indicators;

higher labour productivity; and,

reduced socio-economic inequalities.

Civil wars and priority changes.

With the exception of Costa Rica, Central American countries have traditionally had weak healthcare systems, with many governments spending significantly less on healthcare per head of population than the Latin American average.

While life expectancy in Costa Rica was 67 years in 1970, it was 54 in Nicaragua and just 52 in Guatemala. Child mortality remained high in most of the region throughout the 1970s and 1980s.

However, the peace accords and democratisation processes that followed the Salvadoran, Guatemalan and Nicaraguan civil wars triggered changes that have led to significant improvements in some areas.

Since the mid-1990s, public spending has increased across Central America:

In El Salvador, public health spending as a percentage of GDP increased from 3.1% in 1995 to 4.6% in 2013.

In Nicaragua, it went from 2.6% in 1997 (after two years of sharp decreases) to 4.5% in 2013.

In Guatemala, expansion took place between 1995 and 2007 (from 1.6% to 2.9%). However, by 2013, that had fallen back to 2.4%.

Although still lower than the Latin American average, the percentage of babies delivered by skilled health workers increased steadily during the 1990s and 2000s.

New public health programmes for the poor such as the Guatemalan Programme for the Extension of Basic Services have also been created, generally involving some level of collaboration between the government, NGOs and international institutions.

Shared history and diverging futures.

Such improvements are in part due to the processes of democratisation that began after the region's peace accords, which created renewed pressures to expand public spending, with all political parties having to compete for the votes of low-income groups.

However, common factors in the democratisation processes hide sharp political and institutional differences,

which are important in understanding future trajectories.

El Salvador.

In El Salvador, intense electoral competition in the context of post-war party polarisation has encouraged policy innovation. Advances were nevertheless slow until the 2009 election of the left-wing, programmatic Farabundo Marti National Liberation Front (FMLN), when healthcare improvement became one of former President Mauricio Funes's top priorities.

FMLN reforms have benefited the poor and the middle class simultaneously, with the Funes administration eliminating co-payments in hospitals, expanding primary healthcare and increasing the number of basic health units from 377 to more than 600. It also increased investment in the construction and renovation of hospitals funded with foreign debt and introduced regulations in the pharmaceutical sector, including price controls and the requirement of prescriptions for selected medicines.

Infant mortality rates have fallen from 18 per 1,000 live births to 14 since the FMLN's election, while life expectancy has risen slightly, from 71 to 72.

However, under the Funes administration, tax revenues did not increase enough to fund the government's ambitious social policies. As a result, spending was partly funded through public debt, which increased by 8% as a share of GDP between 2009 and 2014.

That presents Funes's FMLN successor, President Salvador Sanchez Ceren, elected by an extremely narrow margin in 2014, with the challenge of maintaining his predecessor's achievements, while keeping public debt under control (see EL SALVADOR: Narrow FMLN victory increases challenges - March 18, 2014).

With sluggish economic growth predicted in 2016, and growing pressure to address soaring crime rates, that could prove a difficult task.

Guatemala.

In contrast to El Salvador, the Guatemalan political system is weak. Non-programmatic political parties regularly come to power, then fail to last for more than one administration.

State capacity is low and there are multiple actors with veto power in the policy process. Few changes have been introduced in the public sector and the country has seen a rapid expansion of private provision.

Meanwhile, successive administrations have failed to coordinate different institutions or truly promote equitable, high-quality services for all. Inequalities between public health and social security -- which still benefits a minority of the population -- are high.

Such trends are likely to continue under the government of President-elect Jimmy Morales, who has little previous political experience (see GUATEMALA: Morales faces challenges despite mandate - October 27, 2015). Although he has promised to improve healthcare for all Guatemalans, his strategy for doing so is still unclear and will depend on his ability to build cross-party support in Congress.

Inexperience, budgetary constraints and a demanding public, impatient with the political class following a series of corruption scandals, will all work against Morales, making any dramatic reform to the health sector highly unlikely.

Nicaragua.

In Nicaragua, neo-liberal reforms in the early 1990s dismantled the institutional structure that was created following the Sandinista Revolution. Recent years have brought timid attempts to improve coverage and

quality.

The return to power of the Sandinista National Liberation Front (FSLN) in 2006 resulted in some improvements in healthcare provision. Public spending increased and the government called for the integration of services from different providers.

However, advances have been limited in practice, and the quality of many services remains low. Moreover, private spending has increased rapidly, going from 3.1% of GDP in 2010 to 4.0% in 2013.

Democratic competition has also weakened in recent years. The FSLN government has become increasingly clientelistic and has few incentives to strengthen public institutions such as the Ministry of Health.

While that will hinder improvements in Nicaragua, fiscal constraints affect every country in Central America and are likely to curtail any efforts to expand public spending and move towards universalism in the future. Although Central American public healthcare is improving, it will do so at a very gradual pace.

CONCLUSION: Attention to healthcare will remain high in El Salvador and, to some extent, Nicaragua. Efforts to expand primary health services may intensify and there may be some advances towards integrating social security and public health. However, reforms will be constrained by low tax revenues and the strength of private providers. This may negatively affect health indicators, and may also damage productivity in some sectors of the economy.

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Details

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