

## World Bank strategies and the response to AIDS in Brazil

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### INTRODUCTION

The main purpose of this paper is to examine the World Bank strategy for AIDS in Brazil. This is not, however, a text focusing merely on those who are somehow involved with the theme of AIDS. We consider that the examination of this specific strategy may cast some light on the way in which the World Bank has related to Brazil (and other countries) in the nineties.

A first aspect deserving immediate comment is the discovery that not all strategies of the Bank for a country are set out in the documents outlining aid strategy for the countries. The case of AIDS is a good example of this: the Bank's latest document on its strategy for Brazil mentions practically nothing about AIDS, even though the Bank considers AIDS an important question.

AIDS is a major issue on the World Bank directors' agenda. Many might

think that this statement sounds strange. In 1994, Sven Sandström, the World Bank managing director, recalled that

*People are sometimes unaware that the Bank is one of the major providers of external assistance to the developing countries in areas such as education, nutrition and health. The Bank is also the single largest source of external funding for AIDS prevention and control in the developing world.* (SANDSTRÖM, 1994).

On that same occasion, Sandström said that combating AIDS should become an integral part of the Bank's strategies for countries. The importance of health for the Bank was evident at the time: in 1993, the Bank dedicated one of its Reports on World Development to the subject of health (WORLD BANK, 1993). And as Feachen (at the time a professor at the London School of Hygiene and Tropical Medicine who has held several positions in the World Bank) said, when it dedicates one of

these reports to one sector, the Bank is saying that this sector is important to it (FEACHEN, 1999. p.1207).

In its 1993 Report, however, known by its subheading "Investing in Health", the Bank recognised the importance of AIDS, characterising it as one of the major challenges for the future (WORLD BANK, 1993. p.35-36). The Bank has been seeking to meet this challenge by intensifying loans to AIDS control projects.

Besides providing loans for the control of AIDS, however, the World Bank has been suggesting ideas on which would be the most appropriate public policies to control the epidemic. The document "Confronting AIDS: Public Priorities in a Global Epidemic" (WORLD BANK, 1997a) clearly illustrates the Bank's participation in putting forward ideas. In fact, this document was published in a series whose aim was to "present, to a vast audience, the conclusions of studies dedicated to

a fundamental aspect of development” (WORLD BANK, 1997a. p. vii).

The Bank’s directors clearly consider AIDS to be not only a problem of health but also a fundamental issue for development. The president of the Bank, James Wolfensohn, when speaking before the United Nations Security Council in January 2000, reiterated this position:

*Many of us usually think of AIDS as a health issue. We are wrong. AIDS can no longer be confined to the health or social sector portfolios.* (WOLFENSOHN, 2000)

Yet it is still curious that it was due to AIDS that, for the very first time, a World Bank president was invited to speak at a meeting of the United Nations Security Council. On that occasion, and on many other occasions, president Wolfensohn committed to a campaign to raise funds for international AIDS support.

In short, AIDS seems, at least in the minds of the Bank directors, to be a major development problem. This justifies that it be recommended for inclusion in country strategy documents, appear in the portfolio, and its relevance to governments and other donors be rigorously defended.

The World Bank has been investing funds in Brazil since 1994 when the contract for the first loan, of US\$160.000, was signed for STD<sup>1</sup>/

AIDS control. A second loan of US\$165.000 was approved in 1998, to last until 2002. Both are amongst in the biggest loans ever made by the Bank to AIDS control projects in the world.

Although the Bank points out that AIDS is not a health but rather a development problem, in the case of Brazil, the Bank has been treating AIDS as part of the lending to the health sector. In fact, the Bank’s strategy for the health sector in Brazil has been based on three main points: to offer loans to extend access to the basic services in the poorest areas; offer political advice and carry out studies to increase the efficiency and effectiveness of the health system; and offer funding to projects that control certain transmissible diseases (WORLD BANK, 1998. p.1). The AIDS I and AIDS II projects are included in the third point.

The Brazilian experience in combating AIDS has not been based on the ideas offered by the Bank. On the contrary, the Brazilian government has gained experience in guaranteeing AIDS patients universal access to anti-retroviral medication<sup>2</sup>, an experience that, because of its innovative characteristics, has been discussed and adopted as a model in a number of other countries. The key issue is that the free distribu-

tion of medications is not one of the policies recommended by the Bank, nor is the adoption of the principle that health is a universal right, nor the theory that it is a duty of the State to secure it. Apparently the existence of significant divergences between the positions of the Bank and government on the health policy and policy against AIDS has not hindered the realization of loans in these two sectors.

Precisely because of these peculiarities which reveal the complex nature of the relations between the World Bank and the countries, particularly Brazil, it may be convenient to examine the AIDS theme a little more carefully in the context of the World Bank strategy for Brazil, for health and AIDS on the international scene.

This is the main purpose of this paper. We do not intend to evaluate the Bank’s role concerning AIDS in Brazil, as the complexity of the theme goes beyond the scope and specific purposes of this paper. We consider the Bank’s strategy for AIDS a case which may be analyzed to help us understand the working methods and strategies of the Bank. In particular, we intend to show how there has been a move away from loan-centered strategies to strategies based on proposing ideas.

<sup>1</sup> STD is the acronym currently used in the health sector for sexually transmitted diseases.

<sup>2</sup> These are drugs that delay virus replication (and development of the disease) in patients already infected by HIV. Their use has reduced the AIDS mortality rate in Brazil by up to 50% in the past five years.

We believe that for this purpose it is essential to first discuss the recent changes undergone by the World Bank, which shape the general context in which AIDS plays a more important role in the institution. Next, we will examine, albeit briefly, the main divergences between the recommendations or suggestions offered by the Bank and the health policy guidelines in Brazil, in order to finally discuss the Bank's strategies for AIDS in Brazil.

#### THE WORLD BANK ON THE THRESHOLD OF THE NEW CENTURY

The Bretton Woods institutions, the World Bank and the International Monetary Fund (IMF) have been the target of innumerable criticisms by non-government organizations throughout the world. Not without reason, the criticisms have intensified since the eighties, when the two institutions were involved in disseminating proposals for economic adjustments, whose damaging effects have been laid bare.

It is quite true that the criticisms do not come from NGOs alone. One example, as early as the late eighties, was when the United Nations Children's Fund (UNICEF) exposed shortfalls in the economic adjustments, which in some cases worsened the living conditions of children

in the poorest strata of the population. UNICEF then proposed a more humane adjustment. But the NGOs have been essential in the movement that has exposed the shortfalls in the so-called globalization (in the way it is being implemented).

The demonstrations are not restricted to attacks on the Bretton Woods institutions. If we are to look, for example, at the Prague Demonstration<sup>5</sup> in mid-2000, we will see that most demonstrators in the streets were

*"... against the predatory globalization adopted by global capitalism, but in favor of an alternative globalization, more just and equal, that permits the whole world population to live a decent dignified life, and not just one third of the population, as is the case"* (SANTOS, 2000).

The Bretton Woods institutions are attacked because they are considered to be institutional bastions of the old predatory globalization that is reluctant to change.

This image is not without reason. Throughout the eighties, the proposals for economic policy defended by the World Bank and IMF have caused perverse effects. Contrary to the promise to include the most peripheral countries in the new world economy, the economies of developed countries have remained closed to them; but globalized capital took over the

privatization promoted by the governments of developing countries. Nevertheless, the resources obtained by the governments of such countries through liquidating their assets were quickly dissipated in the vain endeavor to reduce their debts. Economic policy recommendations tended to cause unemployment, increasing the numbers of people living in poverty; meanwhile, widespread reductions in public spending, considered essential for keeping public accounts eroded resources as well as the already fragile social welfare institutions of those countries. Added to this is a criticism of a nationalist nature: the World Bank and IMF were imposing these economic policies on the governments of the countries, which, in addition to an attack on sovereignty, caused alarm in those who still insisted that the State should play a fundamental role in promoting development and social policy. All that, without even mentioning the damage caused to the environment by so-called development projects which had been supported by the World Bank since the sixties.

But the nineties brought change. Undoubtedly, this change is still incipient, since it has not been clearly expressed in alterations to the institutions that sustain the current world configuration, nor produced ef-

<sup>5</sup> The extensively reported demonstrations occurred at the time of another annual IMF and World Bank meeting, which was held in Prague in 2000.

fective changes in their operation. But the political agendas and discourse of some directors are showing some change. As Boaventura Santos says:

*If the questions of poverty, hunger, growing inequality between rich and poor and canceling the debt of the poorer countries are on today's political agenda, this is largely due to the transnational democratic movement. The same impact is visible in the rhetoric of directors and institutions.* (SANTOS, 2000).

These changes are quite visible in the case of the World Bank, whose recent course shows a differentiation and a certain moving away from the recommendations of its twin, the IMF. Evidence of this is the recent article by Joseph Stiglitz, former World Bank chief economist and vice-president, dedicated wholly to a fierce onslaught against the IMF. In his article, Stiglitz recounts the efforts he made, while still chief economist of the Bank, to persuade the IMF against the mistakes in the economic policy it proposed in response to the Asia crisis (STIGLITZ, 2000).

After so much criticism, the World Bank has attempted to build, or rather rebuild, its institutional image. Nevertheless, the Bank's leanings should not be wholly attributed to achievements of the transnational social movement, as this would risk overlooking the complexity of the

Bank's own survival strategies. In fact, a quick glance at the history of the Bank might suggest that, if any doubts remain regarding the capacity of this institution to contribute towards the development of countries, there seems to be no doubt regarding its capacity to rebuild and develop itself, adapting creatively to a wide variety of international situations<sup>4</sup>. Perhaps the changes in the Bank in the nineties are also the results of institutional continuity strategies in an international scene marked by deepening inequalities between countries, by the entry of globalized capital into various top sectors in the Bank's operations, and by the crisis in what may commonly be called international aid community.

However, perhaps it is now time to review our image of the World Bank as the eternal ally of the IMF in maintaining the interests of the powerful and sustaining predatory globalization, without leading us to adopt, through this review, a naive attitude of considering the Bank to be a loyal ally in the building of an alternative for that kind of globalization. Our critical surveillance now recognizes the changes and identifies their contradictions, especially those that relate to the gap between the discourse of the Bank's directors and specific action regarding a country, a sector or even a specific theme.

But it now also understands the changes in the Bank's strategies.

It would be convenient, therefore, to start analyzing the Bank by characterizing the main points of change in the nineties. We would like to highlight three main points: the change in the Bank's objectives, with increasing emphasis on poverty; the change in the view of structural adjustments, both with regard to policy content and, principally, with regard to adopting the so-called conditionalities<sup>5</sup>; the growing importance of the supply of ideas and political dialogue. These changes are easily characterized in the agendas and discourse of the directors and it is worth mentioning their repercussions on Bank strategies for Brazil and AIDS. Let us now look at each of these moves towards change.

First, however, mention should be made that, in the nineties, the Bank actively attempted to draw closer to non-government organizations, its most fervent critics. On one hand, it endeavored to expand the channels for dialogue between the Bank and NGOs. On the other, whenever it could, it sought to finance and encourage governments to finance NGO actions. A strategy of partnership could easily be perceived in such moves. But without a doubt, they did allow, at least at the rhetorical level, for the dis-

<sup>4</sup> For a brief report on some of this rebuilding, see Mattos, 2000, especially the chapter four.

<sup>5</sup> The term conditionalities refers to the conditions required by the Bank to consolidate a loan.

course of the Bank to incorporate several demands from the organized social movements.

#### FROM DEVELOPMENT TO COMBATING POVERTY

“Our dream is a world without poverty.” This is the World Bank slogan. Coined in the nineties, it sums up the institution’s attempt to rebuild its image: the Bank’s intention is to show that its main purpose is to reduce poverty.

It is not the first time that the discourse of the World Bank’s directors mentions combating poverty. In the seventies, the then World Bank president, McNamara, first included the subject in the portfolio of the Bank, which until then had focused on more traditional areas, such as economic infrastructure and some sectors of production considered strategic for economic growth. Yet, at that time, the fight against poverty was just another area of the Bank’s activity, a diversification of its portfolio.

The current slogan of the Bank has another connotation: its intention is to state the main purpose of the Bank, which is no longer development but rather combating poverty. This has an affect on the Bank’s strategies for the countries: all projects must be

presented as having some impact on reducing poverty.

In the document presenting the Bank’s strategy for Brazil (WORLD BANK, 2000) we have a good example of the consequences of this new attitude, although still at the rhetorical level. With the explicit intention of giving a more concrete meaning the reduction of poverty, as imagined by the Bank, there is a section that groups together initiatives that may deserve Bank support. They are conveniently split into three categories: the prerequisites for effectively reducing poverty, including therein the measures required for economic stability, such as the social security reform; initiatives aimed at reducing poverty, including providing health services for the poor; and initiatives which indirectly affect poverty (WORLD BANK, 2000, p. 32)<sup>6</sup>. It is clear that all interventions are presented as, to a greater or lesser degree, they had a positive effect on reducing poverty, which is obviously questionable.

This readiness to justify all projects supported by the Bank based on its allegedly positive impact on poverty does not mean that the concern about poverty is, in fact, a major item on the public policy agenda. The key issue for specialists and the Brazilian government is not thinking

how to reduce poverty, subordinating the aims of the economic policy to this social policy. The key question lies in presenting the actual subordination of the social policy to the economic policy, as if the latter were essential for reducing poverty, even though its immediate effects are to increase it.

Why did the Bank adopt this anti-poverty objective? Partly, perhaps, because it admits to some of the criticism made against the Bank’s performance in structural adjustments, which revealed the effect they had on exacerbating poverty, at least in some cases. But perhaps the most important is the Bank’s response to an international situation that, otherwise, could call into question the very need for the World Bank.

The World Bank is funded by lending to member countries. And, under its own by-laws, it may only lend when (at its own discretion) the government is unable to raise the resources directly on the financial market under reasonable conditions. Now, with the change in capital flows towards some developing countries, especially those that have, as an exemplary manner, put in practice privatization programs, private investments have increased in areas where the World Bank formerly op-

<sup>6</sup> The division is not, however, presented in this form. The Bank considered it more appropriate to combine the first two, presenting them as more directly linked to poverty. Thus, it may be said that the Bank will allocate around two thirds to the group of initiatives that would supposedly combat poverty more directly. In reality, the measures which are supposedly necessary to reduce poverty may worsen poverty, at least at a circumstantial level. It would, therefore, be interesting to know how the two thirds of the Bank’s resources are to be distributed between the first two groups of action. (Would it be the Bank’s intention to allocate one third of the resources to each of the three areas?)

erated. But the Bank needs to continue lending, since this is the best way to ensure collection of its loans. So, there is a search for new areas for lending, areas still uninteresting for capital. Over the years, the Bank has successfully created new lending opportunities, sometimes creatively transforming the negative consequences of previous investments into justification for supporting new projects. Combating poverty is now a great opportunity.

Moreover, it is worth recalling that the theme of development, which was to be the Bank's primary mission, is outmoded, at least among world elites. The dissemination of neo-liberal ideas and the blind belief in globalized markets have banished the developmentalist outlook, at least in the minds of the world's elites, precisely those that give financial and political backing to the Bank<sup>7</sup>. Consequently, the governments of developed countries have been reducing the financial resources allocated to international co-operation for development.

In response to this crisis, we may note a joint effort, of the organizations involved in this aid for development, to preserve their budgets, rebuilding new prospects for their

role. It is not a coincidence that combating poverty started in the mid-nineties as the widespread consensus among international organizations and donor agencies: the consensual goal of the international community is now to eradicate poverty by 2015. It is around this goal that appeals are made to resume spending of the governments of developing countries on international development. It is interesting to note the tone of such appeals. The World Bank is fully engaged in this effort. In fact, AIDS has been a particularly useful theme in this effort to raise funds.

The Bank has, in fact, demonstrated a large capacity for rebuilding and developing itself, overcoming sometimes very hostile situations. It seems that the emphasis on reducing poverty integrates all the Bank's adaptive answers into the new world context, for better or worse. But it has direct repercussions on the sector strategies and the Bank's strategies for the countries. It is not that the Bank is now seriously in favor of reducing poverty but rather that the Bank's specialists now have to justify their performance in terms of their potential impact on reducing poverty<sup>8</sup>.

## BEYOND THE WASHINGTON CONSENSUS

A second point in the Bank's transformation during the nineties concerns structural adjustments. In the eighties, with the worsening of the foreign debt crisis of developing countries, the World Bank created a new kind of lending: structural adjustment lending. Most loans were allocated to financing specific projects. Nevertheless, in the case of structural adjustments, the purpose of lending is to lighten the balance of payments, not being attached to any specific project. But in exchange for the loan, the government agrees to a set of commitments by adopting certain economic policy measures.

Structural adjustments were created in a particular institutional climate: a school of thought that became known as 'public choice' enjoyed great prestige among the Bank's top specialists. The followers of this school of thought considered that the governors of developing countries tended to pay too much attention to their own interests. Consequently, they tended not to adopt the adjustment measures of the economic policy that were supposedly becoming imperative given the changes in the world economy, since such adjustments would jeopardize some of their

<sup>7</sup> Latouche, in a recent article, says that "Development is no longer successful in the 'serious' international forums: IMF, World Bank, World Trade Organisation, etc." (LATOUCHE, 2001).

<sup>8</sup> In this sense, monitoring the consequences of specific projects supported by the Bank on poverty is perhaps an interesting strategy of pressure on the World Bank.

own private interests. Therefore, they would need to be given incentives, as it were, to adopt the necessary measures. This attempt to induce governors to adopt economic policies with which they did not necessarily agree was tacitly inserted in the first structural adjustment proposals. Taking advantage of the vulnerability of the governments' balances of payments, the Bank would offer to lend, in exchange for commitments from the governments to implement the adjustments proposed by the Bank's specialists, even against their will<sup>9</sup>.

It is clear that in this process, it was also tacitly admitted that the Bank's specialists were more capable of identifying the required adjustment measures than the national governments. Although there is a wide variation in the recommendations made by the Bank for different countries in the context of negotiating loans for structural adjustment, there was widespread consensus regarding the main points, a consensus that one analyst called the Washington Consensus: the recommendations involved strict fiscal austerity, reduced public spending, privatization programs, measures to open up the national economy and other points.

The structural adjustments were severely criticized. From the point of view that they insisted on defending nationalist and developmentalist positions, the proposed

adjustments seem to be imposed from outside the country. In fact, it was common sense to complain about this imposing character, attributed to the World Bank and International Monetary Fund. In turn, the adoption of the recommended package of proposals eliminated the possibility that the State would adopt a developmentalist policy. On the other hand, evidence was found that such adjustment measures did not lead to the results announced by their supporters, and did not guarantee the inclusion of the national economy in a supposedly globalized economy; on the contrary, the measures seemed to worsen the living conditions of the poorest segments of the population even further.

During the nineties, however, the Bank changed its stance regarding structural adjustments. On one hand, it took on board the criticism that the early adjustments did not take into account the worsened status of the poorest classes, although it continued to insist that they were necessary. By acknowledging this, the Bank learned a lesson: it may be possible that a government will have to adopt tough adjustment measures in the future, but if it does, it must include protection measures for the poorest segments of the population, in order to mitigate their perverse effects.

On the other hand, the top executives of the Bank proceed to review the economic grounds underlying the first proposed adjustments. Since the end of the eighties, public choice has been losing ground in the Bank, with the institutionalist approach prevailing. Instead of national leaders who are overly interested in their own affairs (as the disciples of public choice thought), the institutionalists attributed the hardships of development to the fragility of the economic and political institutions in the developing countries. Therefore, the institutionalists believed that the key issue of development was now to be found in the development of institutions, including the increase in the capacity of governments to ensure an adequate economic environment.

As the institutionalist view gained ground in the Bank, it began changing its tune with regard to the role of the Bank itself and the whole international aid community. It would not be right for this community to impose policies on the governments of developing countries, but rather to assist these countries in developing their institutions, in order to ensure that the people themselves steer their own development.

This new stance appears, for instance, in an address by the World

<sup>9</sup> Cf. Mosley *et al.*, 1995.

Bank president regarding AIDS in Africa. Speaking to the United Nations Security Council, Wolfensohn argued that it was fundamental for the Africans to organize their process of integrating into the “modern open global economy” and putting an end to poverty. The role of the international community would be to help them build the institutions required to help them take hold of their own future (WOLFENSOHN, 2000).

At the same time as this change in tune, the World Bank directors formulated what, in their eyes, was to be a new development paradigm: comprehensive development. If this outlook does not contradict the discipline of the macro-economic policies which the market demands so much, it at least opens up the development agenda, going far beyond what the Washington Consensus suggested, especially with regard to the importance of social policies, compensatory or otherwise<sup>10</sup>.

But perhaps the most important change occurred in the tacit provisions by which conditionality was imposed on the structural adjustments. Here the Bank was also learning a lesson as it became involved in adjustment lending: the Bank did not have the capacity to oblige or persuade governments to adopt the

recommended policies; at least not to the degree that had been envisaged earlier. Governments would often not honor the political commitments agreed with the Bank, or would only honor them in part, managing to renegotiate them in their favor after having received the adjustment loan.

It can easily be seen that the ideas set out in the Washington Consensus spread rapidly among the governors and that, during the eighties and nineties, there was a convergence of macro-economic policies adopted by the various national governments. The lesson learned by the Bank was that this convergence could not be attributed to the persuasive (or imposing) effect of its structural adjustment lending. The Bank was gradually realizing that the success (from its viewpoint, of course) of the adjustment loans somehow reflected the earlier adoption of the proposed measures by the governors, and the political willingness of these governors to implement them.

So, instead of lending to governors who were not fully convinced of the adequacy of the suggested policies, almost as if in an attempt to buy the adherence of these governors, the Bank now only offered loans

when it was sure that the governors would adopt the most important points of its recommendations. Avoiding specific commitments agreed at the time of lending, the Bank starts to value to the plans of the government itself. The Bank's analysis evaluates the consistency of its plan, and detects the areas where government intentions and the Bank's agenda overlap. In the case of major divergences, the Bank prefers to intensify political dialogue, which may include in the formulation and putting forward of ideas regarding which policies would be most suitable.

The current strategy for Brazil, for example, gives value to the Multi-Year Plan for development drafted by the Brazilian government. If, in the document on the strategy published in 1997, the Bank was somehow evasive when it indicated the guidelines of selectivity that it was to adopt<sup>11</sup>, in the most recent document, it leaves no room for doubt when it includes the following in the list:

*Full consistency with government objectives, as expressed particularly in the MYP [Multi-Year Plan], and strong commitment by the government to reforms in the area supported.*  
(WORLD BANK, 2000. p.31)

<sup>10</sup> This supposedly new view is mentioned in many speeches by the Bank's directors.

<sup>11</sup> The document said: “it is hard to develop a guideline for selectivity for the Bank's aid in such a large and complex country as Brazil, where the size and diversity of aid requirements are so wide-ranging and where the Bank, consequently, plays a fundamentally catalysing role.” (WORLD BANK, 1997 b)



In other words, it is the Brazilian government that is at the helm<sup>12</sup>, but it is the Bank that evaluates, for each sector, whether there is close commitment to the reforms required, from the Bank's viewpoint, of course. This leads us to the increasing importance of the offer of ideas.

### OFFERING IDEAS

The World Bank president, in one of his speeches, referring both to the prospect of the World Bank's role and of the so-called donor community, stated;

*what we as a development community can do, is to help other countries – by providing funding, of course; yet it is much more important to provide the know-how and the lessons learned from challenges and how to tackle them. (WOLFENSOHN, 1999)*

In fact, offering ideas seems to be one of the fundamental activities of the Bank. In the new context of conditionality, which is supposed to respect the sovereignty of nations, the production of supposedly universal know-how, to which all bow down, is now a major tool of persuasion. The Bank has been striving to produce and disseminate this know-how, generally presented as if taken from the experiences catalyzed by the Bank.

The intellectual work of preparing these lessons and drafting documents to be distributed to widely differing audiences is guided by sector and country strategies, in the same way as the lending. These strategies focussed on intellectual production, however, are not necessarily part of the documents on aid strategies, and are not as explicit. The Bank seems to increasingly rely on more strategies to deal with future divergences between it and governments. Therefore, these strategies are recorded in the political dialogue of the Bank with the governments. Nevertheless, these strategies, which focus on the supply of ideas have not been closely examined either by researchers or the social movement.

Let us take the case of the health sector as an example and analyze the Bank's strategy for AIDS in Brazil. This case contains both general documents and specific documents for Brazil.

### THE STRATEGY OF SUPPLY OF IDEAS AND DIVERGENCES BETWEEN THE WORLD BANK AND HEALTH POLICIES IN BRAZIL

As already mentioned, in 1993 the World Bank dedicated one of its reports on human development to the health sector. In it, the Bank

acknowledges that the possibilities of obtaining improvements in the health conditions of the populations were enormous:

*But in order to obtain good health conditions it is essential that there are good policies. Some countries have made full use of the potential of medicine; others have done almost nothing, despite the vast sums being spent. This report takes lessons from this multiple experience that will help the authorities to realize the enormous returns in potential of the investments that their countries make in the health area. (WORLD BANK, 1993. p. 19)*

And what were these lessons? In general, the recommended measures may be divided into three groups: those focusing on creating a more favorable environment so that families may improve their health; those which aim to promote diversification and competition in the sector; and those which seek to achieve more discerning public health spending. This last group includes proposals for reducing the public financing of complex aid services. Governments should prioritize their spending with a package of highly cost-effective welfare and public health services.

The report proceeded to analyze the cost of various welfare and public health projects, selecting those that had more impact for the money spent. In the opinion of the Bank re-

<sup>12</sup> This attitude protects the Bank. Everything now occurs as if the Bank were in defence of closer attention to poverty, in relation to the Brazilian government. Should, however, the Brazilian political leaders be more convinced of the need to limit public spending (and social policy spending), then the Bank is left only to "intensify" its political dialogue in order to persuade the government to, at least, secure the compensatory measures for the adjustments. The Bank seems to be becoming "progressive".

port, since the other projects were not as efficient, they should not be financed by the government.

For example, concerning AIDS, prevention by disseminating condom use would be, in the Bank's opinion, one of the actions deserving government support. The same would not occur with the welfare to AIDS patients, known to be costly.

This standpoint would contradict the actions taken by Brazil in its health policy. With the 1988 Constitution, Brazil now recognized health as a universal right, the State being responsible for ensuring it. The ideal pursued since then is a configuration of the health system that can guarantee everyone free access to any health services that may be required.

Let us look at this divergence in more detail: as early as 1987 a World Bank document stated:

*the most common approach to health care in the developing countries has been to treat it as a citizen's right and strive to provide everyone with free services. This approach does not generally work.* (WORLD BANK, 1987. p.3)

Two years later, with Brazil already under the new Constitution, Bank specialists stated in a document specifically relating to Brazil that:

*The outlook for the Brazilian health system is not good. In the forthcoming decades there will be a boom in the demand for services as the age of the population increases and the constitutional right to free public health care for everyone is claimed.* (WORLD BANK, 1989. p. xviii)

The diagnosis made by the Bank regarding the Brazilian health system at that time highlighted its supposedly iniquitous nature, especially concerning the application of resources. It would be iniquitous "because too many funds were spent on hospital-based care and very little on prevention and basic care, in terms of cost" (WORLD BANK, 1989. p. XX).

Another argument in the Bank's criticism of Brazil's policy refers to the poor capacity of the system to reach and provide for the poorest regions and persons. These criticisms justify the Bank's preference to support incentives with greater impact on the poorer regions and people, and define its general purpose in health actions as improving the health of the poor (WORLD BANK, 2000). On the other hand, the other key point is to adopt cost-effective spending, always giving value to prevention. Only this last characteristic is clearly visible in the Bank's strategy for AIDS in Brazil.

#### THE BANK'S STRATEGY FOR AIDS IN BRAZIL

The two projects funded by the Bank for the control of sexually transmitted diseases (STDs) and AIDS in Brazil focus on the prevention of the disease and on NGO participation. Nevertheless, the projects are not solely based on preventive measures. The AIDS I project assigned a little over 40% of the funds to the component most directly linked to

prevention. Around 34% of the funds were allocated to health care and the rest to institutional development, surveillance, research and evaluation (GALVÃO, 2000. p. 146). In the AIDS II project, the percentages are the same (WORLD BANK, 1998).

In Brazil, the issue of AIDS was addressed well before the first project financed by the World Bank. Since its origin, it has been marked by two fundamental points: the participation and demands of social movements related to AIDS; and the contribution from specialists committed to building up a health system that would ensure the universal right to health care. This dual action allowed that the first loan from the Bank be granted without the government moving away from its universalistic goals. On the contrary, the Brazilian government was able to lay the foundations of what was to become an innovative program with free distribution of anti-retroviral medication for AIDS patients. The government had already decided, before starting negotiations with the Bank, to begin free distribution of drugs for AIDS. As recognized in a document published by the Ministry:

*With the return of the former directors, in 1992, once again the agreement with the World Bank would play its strategic role. By guaranteeing funds for preparing the human resources, acquiring equipment, and for prevention programs, it enabled managers to have their own independence in key areas of work and to*

*concentrate their efforts on securing funds for drugs in the governmental sphere.* (BRAZIL, 1999. p.18)

In 1996, given the potential of the combined use of drugs both to increase the survival and quality of life of HIV-infected patients, the National STD and AIDS Co-ordination decided to extend the medication distribution program, setting itself the goal of distributing drugs to all AIDS patients. While the Co-ordination was looking for funding for this expansion, Congress approved a specific law, Act 9313, obliging governments to provide drugs free of charge to AIDS patients, using funds from the Single Health System (SUS).

The Brazilian AIDS medication distribution program is undoubtedly an innovation. It consolidates the view of a universal right that drives the SUS. Furthermore, it extends that view, as free access to medicine is only universally guaranteed for a few diseases. It is an ambitious program, the costs of which were around 630 million Brazilian reais in 1999. The program has had a clear positive impact, as in the drop in AIDS mortality.

The distribution program clashes with World Bank recommendations. The anti-retroviral therapies would not be very cost-effective and would be an excessive subsidy to AIDS pa-

tients. Bank recommendations are for AIDS patients to pay for their treatment in the same way and in the same proportion as patients with other diseases (WORLD BANK, 1997a. p.13).

Even so, with this divergence, in 1998 the Bank approved the second loan for STD and AIDS control. What it shows is that, even where there are differences of opinion regarding a policy implemented by a government, the Bank does lend on some occasions. But this does not mean that it accepts the positions taken by the Brazilian government. On the contrary, the Bank's strategy is, first, to stress that the Bank's funds are not for financing medicine. Second, it wishes to intensify the political dialogue with the government to dissuade it from the free universal distribution of drugs by demonstrating that the resources allocated to it could have a greater impact on health care if used in another way. It is in this sense that the following statement, included in the evaluation of the AIDS II project by the Bank specialists, may be understood:

*Studies to examine survival rates of AIDS patients and costs of treatment of patients will be carried out under the responsibility of the Project and will give the Bank an opportunity to continue discussions with the government on the implications of the costs of care and public funding for AIDS patients in the priorities and overall*

*expenses for health care in Brazil* (WORLD BANK, 1998)

The battlefield then moves from the negotiation of loans to the debate on ideas.

It would be rash to say whether the Bank will cease its lending activities for AIDS control in Brazil. But it is a possibility. The Bank has been increasingly preoccupied with AIDS in Africa, and it would not be surprising if it were to concentrate its efforts in AIDS control on that continent. On the other hand, loans made to Brazil are relatively large in the overall AIDS-related projects supported by the Bank. And the Brazilian management of the AIDS I project has been considered by the Bank as highly satisfactory. These two factors may contribute to the existence of an AIDS III project. Nothing, however, is certain.

In the context of these uncertainties, the concern with the capacity of the preventive actions to continue after the end of the AIDS II project is understandable, especially if there might not be an AIDS III. The strategy adopted in AIDS II to minimize this problem has been to emphasize decentralization. When Bank specialists evaluated the project, under the item on sustainability<sup>15</sup>, they proffered the following argument:

*Sustainability of the activities considered in the Project would be pro-*

<sup>15</sup> Sustainability refers to the fact that the positive effects of the project last longer than the bank's lending. In projects involving service funding, for AIDS, for instance, sustainability refers to the capacity of funded actions to continue even after the project has ended.

*moted by strong government support of preventive services and HIV/AIDS care. Non-government organizations have played a major role in securing the government's attention on this area of health policy. With regard to the funds that the government is spending on health, and more particularly, on drugs for the care of Aids patients (outside the proposed project), the costs for continuing the activities covered by the project are very low.* (WORLD BANK, 1998)

Reading between the lines, for a government that supports actions for Aids on such a large scale and has been ready to spend so much on initiatives that were not so cost-effective, there would be no reason not to pay for the preventive work after 2002, especially that carried out by NGOs. If this strategy is successful, it would block the survival interests of some NGOs against the policy of freely distributing medication. Nonetheless, the Bank also seems somewhat concerned with the rise in public health spending. In this sense, it is still learning the lessons of structural adjustment.

It remains to be seen whether the social movement, which has attempted to create a policy of a universal right to the services and medication required for treatment, will take up the fight to guarantee the universal right to health care on a larger scale. It remains to be seen whether Brazilian society will be moved to preserve the rights secured for Aids patients and extend them to other disease carriers. It remains to

be seen whether the political mobilization in defense of the universal principles of the SUS system will be able to overcome the obstacles against its funding. It remains to be seen whether we will fight for this value of our culture, that is, recognizing that it is not fair that someone should be deprived of the care he or she needs merely because they cannot pay for it. Whether we will confirm the social choice made in the Constitution.

It remains to be seen, on the other hand, whether the Bank, in its political dialogue with the Brazilian government, will fulfil what it claims to be its principles: "respect for different values and social choices" (WORLD BANK, 1997. p. v).

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