

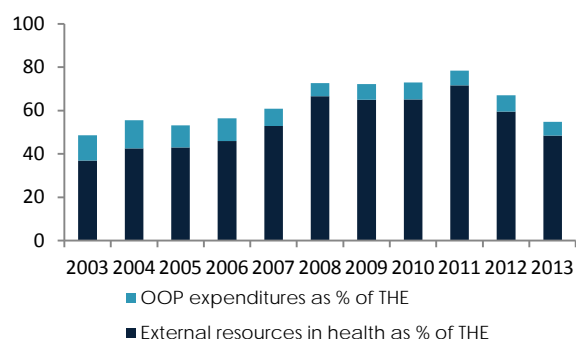


Key Indicators	
Population (2014)	25.8 million
GDP per capita (current USD, 2014)	\$586
Income classification	Low
Health Financing (2013)	
THE per capita (USD)	\$40.26
THE as % of GDP	6.79%
GHE as % of THE	46.35%
GHE as % of GGE	8.81%
OOP as % of THE	6.41%
DAH as % of THE	48.9%
Pooled private as % of THE	53.7%
HIV Financing	
HIV/AIDS prevalence	10.6
DAH for HIV/AIDS as % TAE	97%
TAE per PLHIV (USD)	\$267
TAE as % of GDP	2.05%
GAE as % of TAE	3%

Source: WHO, 2014; Author's estimates.

THE = total health expenditure, GDP = gross domestic product, GHE = government health expenditure, GGE = general government expenditure, OOP = out-of-pocket payment, TAE = total AIDS expenditure, PLHIV = people living with HIV, GAE = government AIDS expenditure.

Figure 1: Shares of Total Health Expenditures (THE)



Source: WHO, 2014.

Overview

After achieving independence in 1975, Mozambique established a national system of primary healthcare which was cited by the World Health Organization (WHO) as a model for other developing countries. However, by the mid-1990s, years of civil war had contributed to the destruction of infrastructure, lack of healthcare access in rural areas, and a reduction of national spending on health to 2% of general government expenditure (GGE).

The *Health Sector Strategic Plan (PESS 2014–2019)* established as its vision the gradual implementation of universal health coverage (UHC). In the past 10 years, Mozambique has made strides in improving health outcomes; to achieve UHC, however, the Ministry of Health (MOH) still needs to advance good governance, sound policies, proper management, resource mobilization, and quality health services.

With the discovery of natural gas reserves and increasing infrastructure investments, Mozambique currently is undergoing an economic upsurge, yet investments in health have not accompanied this growth, and total health expenditure (THE) accounts for only 6.8% of gross domestic product (GDP). THE is projected to increase to 7.5% in 2016. THE per capita in Mozambique was US\$40 in 2013—lower than the WHO-recommended US\$60 or the average of US\$150 spent by its neighbors. Government health expenditure as a percentage of GGE was 8.8%—also below the Abuja target of 15% of the government budget allocated to health. In addition, the government relies heavily on foreign assistance, with 48.9% of THE coming from external resources (Figure 1). The out-of-pocket expenditure corresponds to 6.4% of THE—far below the low-income country average of 46.5% (Figure 2).

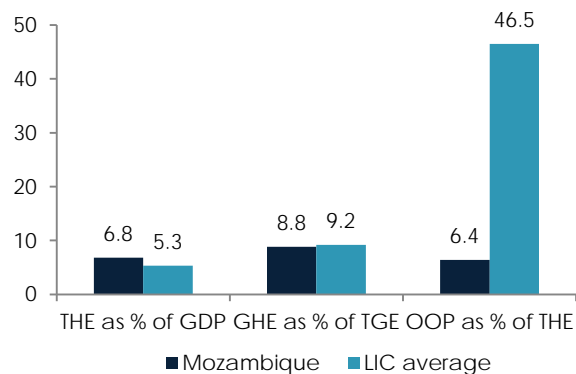
Health Financing Functions

Revenue contribution and collection

Revenue mobilization involves mostly non-distortionary mechanisms, such as value-added tax and personal income tax. In 2015, 75% of the overall government budget was funded by external donors—a substantial increase compared to the government's budget in 2014, when 65% was financed by external sources.

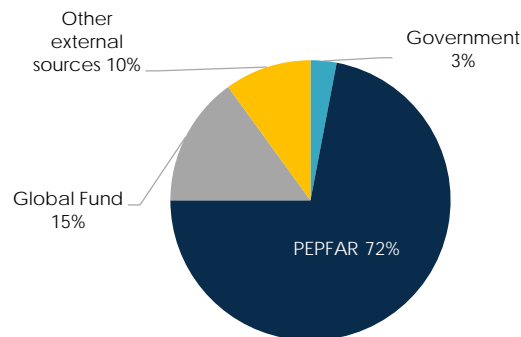
In the health sector, the external resources are divided into two funds: PROSAUDE and Vertical Projects (VP). PROSAUDE is a common fund mechanism for several donors involved in the health sector's sector wide approach; VP funds consist of foreign investment into on-budget projects, funded by donors and implemented jointly with the government.

Figure 2: Comparative Health Expenditures (2013)



Source: WHO, 2014; WHO, 2015.

Figure 3: HIV Funding, by Source (2013)



Source: WHO, 2014.

Many development partners—international and local nongovernmental organizations—provide assistance via in-kind donations, especially medicines. Additionally, a large percentage of the expenditures in health are off budget. In 2013, around 33% of external health financing (US\$360 million) was off budget.

Pooling

Health insurance is still nascent in Mozambique; population coverage of existing schemes is unknown. However, a National Health Insurance Scheme building off of the existing scheme for civil servants is under discussion. Civil servants currently contribute 1.5% of their salaries to a medical assistance fund. Most companies finance health insurance premiums from corporate earnings; in some instances, they build health facilities to provide occupational health services.

Purchasing

The government is the largest purchaser of services (46%) through the MOH; the Provincial Health Directorate; the District Services for Health, Women and Social Action; and hospitals. The other purchasers of healthcare services are development partners (38%), voluntary schemes of payment (10%), and direct family payments (6%). The private sector is growing in urban areas, charging fee-for-service. By law, user fees in public facilities must be less than US\$1 and all medicines are provided at a subsidized price; there are exemptions for indigent populations and specific diseases, such as HIV, tuberculosis, malaria, and maternal health.

HIV Financing

Mozambique has the eighth highest HIV prevalence in the world (10.6% for those ages 15–49 years). HIV expenditure comprised approximately one-third of the current health expenditure in 2012, at US\$279.9 million; this spending is in line with the burden of disease, as HIV accounts for about 27% of all deaths in the country. The domestic resources allocated to HIV in Mozambique are minimal, comprising only 3% of the total funds. The majority of funds come from external sources, with PEPFAR contributing 72% and the Global Fund to Fight AIDS, Tuberculosis and Malaria 15% (Figure 3).

There has been rapid progress in Mozambique in scaling up HIV treatment over the past decade. In 2013, the government developed the *HIV and AIDS Response – Strategic Acceleration Plan 2013–2015*, a coordinated, detailed strategy to reverse the HIV epidemic and achieve a generation free of AIDS in Mozambique. By September 2015, the number of Mozambicans receiving antiretroviral therapy (ART) had increased to 698,000 adults and 61,400 children among people living with HIV (PLHIV), corresponding to an overall coverage of 79.5% of PLHIV. This represents a startling contrast when compared to 2003, when fewer than 3,000 PLHIV were on ART.

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