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HEALTH FINANCING STRATEGY IN MOZAMBIQUE: COMMENTS ON THE MINISTRY OF HEALTH'S DRAFT PROPOSAL

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Abbreviations

CBHI	Community-based health insurance	
CFMP	Cenário Fiscal de Medio Prazo	Medium Term Fiscal Scenario
CIT	Corporate Income Tax	
CNS	Contas Nacionais de Saúde	
GDP	Gross Domestic Product	
HSFS	Health Sector Financing Strategy	
IMF	International Monetary Fund	
IRPC	Imposto sobre o Rendimento de Pessoas Colectivas	See: CIT
IRPS	Imposto sobre o Rendimento de Pessoas Singulares	See: PIT
LGA	Local Government Authority	
MCH	Mother and Child Health	
MEF	Ministério de Economia e Finanças	Ministry of Economics and Finance
MGCAS	Ministério de Género, Criança e Acção Social	Ministry of Gender, Children and Social Welfare
MISAU	Ministério de Saúde	
MOH	Ministry of Health	
NGO	Non-Governmental Organization	
NHIL	National Health Insurance Levy	
OGDP	Órgãos de Governação Descentralizados na Provincia	
PECS	Pacote Essencial de Cuidados Sanitários	Essential Health Care Package
PESS	Plano Estratégico do Sector da Saúde	Strategic Health Sector Plan
PFM	Public finance management	
PG	Provincial Governor	
PHC	Primary Health Care	
PIT	Personal Income Tax	
PNS	Política Nacional de Saúde	National Health Policy
PO-RALG	President's Office for Regional Administration and Local Govt	
PPP	Public-Private Partnerships	

RBV	Resource -Based View	
RDT	Resource Dependence Theory	
REP	Representative of the State in the Province	
RSSB	Rwanda Social Security Board	
SDG	Sustainable Development Goals	
SDSMAS	Serviços Distritais de Saúde, Mulher e Acção Social	
SLFF	Sustainability-Linked Finance Framework	
SNS	Sistema Nacional de Saude	National Health System
SWF	Sovereign Wealth Fund	
SWOT	Strength, Weakness, Opportunity, Threat	
TOC	Theory of change	
TOR	Terms of Reference	
UHC	Universal Health Coverage	
VAT	Value Added Tax	
WHO	World Health Organization	

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1. INTRODUCTION AND OBJECTIVE

This paper has been commissioned by N'weti, under the project "Equitable health financing for a strong health system in Mozambique" to contribute to the debate of the Mozambican Ministry of Health's draft of Health Sector Financing Strategy (HSFS), 2025 – 2034[1]. With this report, N'weti seeks to analyse and enhance the readers' understanding on the complex matter of health financing, on the need for establishing a coherent system for the Ministry of Health[2] (MoH). N'weti aims to increase the MoH's capacity to generate, allocate and control financial resources, both domestic and foreign, and ensure that they are in line with the priorities foreseen in its Health Sector Strategic Plan (PESS) 3for the period 2014-2019 (extended to 2024).

The main and only objective of the study is to assess the quality of the HSFS 2024-2035 through a SWOT (strength, weakness, opportunity, threat) analysis. Its findings are to be discussed in the light of the selected available literature on health sector financing, with a methodology defined by the client (see section 2 below).

2. CONTEXT ANALYSIS – SELECTED ASPECTS

2.1. Domestic Factors

The National Health System (Sistema Nacional de Saúde (SNS) is often defined as having three subsectors, namely the public subsector (referred to as the National Health Services), the private for-profit and non-for-profit subsector, and the communal or community health subsector[4]. According to the former Minister of Health, one also must consider the military and paramilitary health services as part of the SNS, as well as socio-professional organizations such as the Doctors Association, the Nurses Association, and the Medical Association of Mozambique (Garrido, 2020).

The moment in which the HSFS has been produced, the SNS, which is used by the vast majority of Mozambican households (91,6%), finds itself in a profound crisis. Symptomatic for this crisis is the strike announced by unionised health professionals, who claim that agreements negotiated with the government in June and August 2023 on salaries, extra time remuneration, lack of equipment and other issues have not been honoured[5] whereas the MoH insists that the issues may be resolved through further negotiations[6]. By the end of May, 2024, the strike was suspended because government agreed to open a door for negotiation and not because the demands were resolved. In other words, as long as negotiations continue, the strike is suspended. Therefore, it appears that the outstanding issues have been resolved and the strike has been terminated.

Another pertinent issue affecting the sector is the conflict about the distribution of resources within the sector, resulting from the implementation of the constitutionally enshrined devolution package at subnational tiers of government. This has had counterproductive effects, particularly the establishment of a bi-cephalic government at provincial level i.e. by a Provincial Governor (PG) and by a Representative of the State (REP). This has led, in turn, to budgets being dominated by recurrent expenditure at the cost of investment and has led to a duplication of efforts and further state fragility. This fracturing has particularly affected the health sector (Weimer, 2021). The functional division of competencies between the REP and the elected provincial government continues to lack clarity and legislation. The same is true for the share of tax revenue allocated to the provinces. The Council of Ministers, in June 2023, has tasked a multi-party, muti-stakeholder commission (CREMODE[7]) with the elaboration of a model for decentralization in Mozambique, which also includes the issue of fiscal decentralization. This is likely to affect all sectors, including health.

The labour conflict, essentially a 'class struggle'[8] about redistribution of the fiscal resources available in the SNS, needs to be seen as part of much wider domestic challenges which the country is facing as a whole: a less conducive

1. Governo de Moçambique, (2024) Estratégia de Financiamento do Sector Saúde (EFSS), 2025-2034. Ministério de Saude, Abril, 2024. A previous version of the HSFS was tabled in 2021 but not an approved. Some of the reasons are address by N'weti (2021).
2. Ministério de Saúde (MISAU)
3. Plano Estratégico do Sector da Saúde (PESS).
4. This division originates from law 26/91 of 31 December, later regulated by Decree 9/92, of 26 May and later endorsed by the Resolution Nr. 4/95 of the Council of Ministers approved as National Health Policy –(PNS) in 1995.

5. https://clubofmozambique.com/news/mozambique-health-workers-extend-strike-for-a-further-30-days-258860/
6.. https://aimnews.org/2024/04/29/no-reason-for-health-workers-to-strike-says-ministry/
7. The Commission for Reflection on the Decentralized Governance Model is chaired by the Minister of Justice, Constitutional and Religious Affairs, and has a mandate of two years.
8. This term is not used in a Marxian sense, but refers to the claim of the strikers, notably medical doctors, that they represent a professional class of their own.

environment for economic growth and poverty reduction in comparison to the two and a half decades of relative peace and stability post Rome Peace agreement of 1992. During the past decade, the political economy of the country has been marked by what some authors call, "presource curse". This term captures the phenomenon that, in expectation of an economic and fiscal boost driven by the extractive industries, especially those associated with the liquidified natural gas (LNG) projects in Cabo Delgado, the government was enticed to make public expenditure ignoring resource constraints, which can lead to stagnation or even decline of growth rates and GDP and increased indebtedness. This presource curse scenario is particularly high in countries like Mozambique, with weak institutions and a rising state fragility index[9].

On the other hand, the recent establishment of the national Sovereign Wealth Fund (SWF) is a forward looking way to channel resources from production and export of fossil fuels, notably LNG, to the state budget, in a phased way. It has two objectives:

a) the accumulation of savings by maximizing the value of the SWF with a view to ensure that revenues from non-renewable natural resources are shared between several generations, and

b) to contribute to fiscal stabilization, with a view to isolating the budget and the economy from the harmful impacts resulting from fluctuations in commodity prices on international markets.

This provides an opportunity for widening the fiscal space for the health sector.

Regarding current macro-economic and fiscal issues, some key aspects of the declining economic fiscal performance and the associated increase of fiscal stress, increase of poverty and constraints for financing services are[10]:

- A marked decrease of GDP growth rate from an average of 8% (1993 -2015) to 3% (2016 -2019), with a slow increase to 4% in the early 2020's, which, with the simultaneous strong (urban) population growth of above 3% per year led to a decline in per capita GDP.
- A projected stagnation of economic growth for the rest of this decade at about 4% per year, under the assumption that production revenue from LNG continues to be further delayed.
- The increase of monetary and multidimensional poverty after 2015 by around 7%, resulting in a poverty rate of 55% (as compared to the 48% before that period), with the centre and north of the country more affected than the south, where stark inequalities between urban and semi-urban areas have been noted.
- Income and wealth distribution, as measured by the Gini index, has become more skewed in favour of the small, wealthier part of the households, rising from 0,47 (2009) to 0,52 (2019)[11].
- Further fragilization of the contracting economy by the hidden debt crisis, and its knock-on effects, the decrease in foreign assistance, the COVID 19 pandemic and several cyclones that devastated coastal parts of Mozambique.
- The intensification of the war against insurgence in Cabo Delgado province associated with rising defence spending.
- Increasing external and domestic indebtedness for financing the budget deficit: between 2014 and 2021 the Debt / GDP ratio increased from around 65% to more than 100%, not only increasing the fiscal stress but also crowding out of the private sector from access to credit, with negative knock-on effects for private sector driven economic activity, employment and growth, suffering already from reduced turnover and a high tax burden.

The IMF is particularly concerned about the unsustainability of the public wage bill, which corresponds to approximately 73% of domestic tax revenue. This starkly limits the fiscal means available for diversifying the economy, for social investment, including in health, as well as urban infrastructure investment. In May 2024, an IMF mission stressed the need for fiscal consolidation 'necessary to secure fiscal and debt sustainability and preserve macroeconomic stability'[12].

9. In 2023 the index's score was 94, putting Mozambique on rank 21 of 100 countries measured. The value of the index has been increasing since 2006. https://fragilestatesindex.org/country-data/
10. See: World Bank (2023) and IMF (2023a, 2023b)

11. a Gini index of 0 represents perfect equality, while an index of 1 implies perfect inequality
12. https://www.imf.org/en/News/Articles/2024/05/16/pr-24167-mozambique-imf-staff-completes-visit

2.2. Global Factors

The global economic situation will continue to affect the Mozambican economy and public finance worldwide. Wars and military spending have been increasing at the cost of development assistance, among others, and with the secondary effects of increasing energy and food prices, as well as transport cost. This situation further narrows the fiscal and financial space available for the government to finance its programmes and diversify its economy. And, since bad news come rarely alone, after two years of negotiations, the world has failed to agree on a formula for global sharing of vaccines and medicines during pandemics between the more and the less wealthy countries. This signifies a blow to the spirit of solidarity and sense of purpose in addressing global health issues[13]. Just like the health workforce's strike on the national scale, this failure reflects struggles in the fair distribution of wealth and income, with the poorer stratas' access to decent and effective health care being jeopardized.

2.3. Effects on the Health Sector

Despite these circumstances, the SNS has demonstrated a certain resilience in achieving strategic targets of the PESS. For example, life expectancy has continued to increase, coupled with a palpable decrease in child and maternal mortality, a decreasing prevalence rate of HIV/AIDS and malaria, and improved access to basic health services.

However, the adult mortality rate continues to be one of the highest in the world. HIV/AIDS, malaria, anaemia and water-borne diseases continue to be the main causes of mortality among mothers. Inadequate and highly skewed access to clean water, with a stagnant coverage of reticulated water systems, and nutritional deficiencies in children are additional factors which have a negative impact on health. The Covid-19 pandemic revealed the vulnerability of the Mozambican health system and caused disruptions in service provision. It contributed to a resurgence on maternal and child mortality, and a drop of institutional deliveries as well as in the frequency post-partum care and family planning services.

From the point of view of access to health and effective management of its services, the SNS still has limited coverage, especially in rural areas and in the northern provinces, limited availability of health staff, corruption in access to health services and their perceived low quality.

3. METHODOLOGY AND LITERATURE FINDINGS

The methodology used for this analysis consists of two parts. The first is a brief review of selected literature and country studies, which will help 'distilling' criteria, against which the Mozambican HSFS document is to be assessed.

The second part is the SWOT analysis, i.e. the assessment of the quality of the HSFS document in line with criteria or core elements for strategic planning discussed and established in section 3.1.3.

Despite the fact that a comparative perspective is beyond the scope of this study, the author included a brief overview on the health sector financing (HSF) of four countries, considered to be advanced in HSF. Thus, the reader may garner additional insights into the HSF experiences which may also be relevant for Mozambique.

3.1. Strategic Planning for Health Financing – a review of selected literature

3.1.1. Universal Health Coverage (UHC) and strategic planning

It has been observed that strategic management and planning have become increasingly relevant for sustainable management and financing of health care (Huebner C. & Flessa S. 2022), given the complex, multi-dimensional and uncertain national and international parameters which affect a health care system. Already in the early 2010s it has been suggested that strategic planning tools (including the SWOT

13.. https://healthpolicy-watch.news/breaking-pandemic-accord-negotiations-stall-again-with-way-forward-in-hands-of-world-health-assembly/

analysis) were most frequently used for strategic planning in the health sector, in comparison to other technical areas such as business management, marketing or agriculture (Ghazinoory at al., 2011).

This method of strategic planning can be seen as 'increasingly vital to ensuring ongoing success and viability in an evolving healthcare environment' helping to establish guideposts to help organizations to become aware of and better navigate an uncertain future. It also establishes a defined mission that can keep organizational leaders, staff, and other stakeholders engaged and working together toward a common purpose [14]. In other words, strategic planning, and financing in health care, which seeks to review the needs and challenges of the entire sector, constitutes a process which is completely different from 'micromanagement', to which many health system officials have become used to.

The institutional environment and macro-economic and fiscal conditions under which it operates are subject to scrutiny, as are its own capability and resource constraints, the needs of the clients or patients and their capacity to pay for services (Rasouli A., et al 2020). By analysing the case of Iran, Rasouli et al. consider strategic planning, of which the SWOT analysis is 'one of the most important tools for designing and adjusting productive health system particularly useful for the sector´s strategic and decision-making level (ministry), and, to a lesser extent, the middle or administrative level, as well as the subnational operational level of the health unit'.

This is particularly the case if we consider as point of departure the ambitious goal of universal health coverage (UHC), as formulated in the UN Sustainable Development Goals, notably under SDG 3.8. To achieve this goal, issues such as financial risk protection, access to essential healthcare services of quality, access to safe, effective, quality, and affordable essential medicines and vaccines for all are to be addressed. These issues should be addressed together with a substantial increase in health financing and the recruitment, development, deployment and retention of the health workforce[15]. It has been noted that in the early 2000s many African countries have taken steps to reform their heath systems towards meeting the UHC goals – with varied success. The target set in 2001 by the African Heads of state to commit 15 % of their annual budgets to the health sector (Abuja Declaration) was only met in exceptional cases. The general rule was stagnation and, in some cases, decrease of the health share of the general budget. (WHO, 2016). Even in cases of increases, a high degree of uncertainty reigns, particularly regarding equitable access to quality services (Sanogo et al,2019). The issue of affordable access to quality health services for the poorer part of the population remains on the top of the health sector reform agenda together with assuring adequate financing.

14. https://www.syntellis.com/strategic-planning-in-healthcare
15. https://www.globalgoals.org/goals/3-good-health-and-well-being/

3.1.2. HSFS – Four examples from Africa

We agree with the health sector planning specialists Agnes Gatome-Munyua and Nkechi Olalere when they state that 'reaching spending targets is less important than ensuring health systems are adequately resourced and resources are used optimally'. Prioritization of the health sector in national planning and budgeting, increased health spending both for disease related health services and the health system and its management, and purchases for services seem to be feasible approaches for increasing resources for health within a coherent HSFS framework[16]. These authors cite as good examples for positive changes countries such as Ghana, Uganda, Rwanda, and Tanzania, among others. Although not in the scope of this study, we offer the reader a comparative perspective, which might be useful for reviewing the Mozambican HSFS.

In the case of Ghana, the country's HSFS is operationalized by a specific Health Financing Dynamic Framework (Government of Ghana, 2015) and is intrinsically linked to the government's Sustainable Finance Framework, with its specific Sustainability-Linked Finance Framework (SLFF) (Government of Ghana, 2021). The SLFF translates the SDGs into national planning and budgeting priorities, including for the health sector. Ghana also features a national health insurance coverage for the labour force, including formal- and informal-sector workers. This is partly financed through annual earmarked allocations of Value Added Tax (VAT) revenues to the health sector, known as National Health Insurance Levy (NHIL) (SPARC, 2021, Scheiber et al, 2012).

In the case of Uganda, the health sector planning is combined with a national quality improvement framework, which translates the strategic objectives into tangible and measurable improvements of the quality of services and resource use (RoU, 2025). The country has also begun implementing reforms of the -still patchy- minimum health care package, emphasizing improved resource flows to health facilities at sub national tiers of service, including

16. https://www.un.org/africarenewal/magazine/october-2020/public-financing-health-africa-when-15-elephant-not-15-chicken

through performance-based financing (PBF) projects linked to service quality (Ekirapa-Kiracho et al, 2022). The health units receive direct funding from both the government budget and development partners. However, resource pooling and harmonization of government and donor priorities remains one of the challenges.

Regarding Rwanda, the country stands out with having achieved high levels of population coverage through social protection systems, including via a mandatory health insurance that guarantees access to healthcare services for all citizens. Its HSFS (Republic of Rwanda,2019) is underpinned by a specific Health Financing Sustainability Policy which introduces performance-based planning and budgeting at the level of health facilities for achieving specific targets (Republic of Rwanda, 2015). This financing instrument complements annual government budget allocations, financing via a community-based health insurance (CBHI), and Payments via the Rwanda Social Security Board (RSSB) scheme for public- and private-sector workers and for pensioners (SPARC ,2021a).

Tanzania's HSFS is captured by its Health Sector Strategic Plan July 2021 – June 2026 (HSSP V) under the motto 'Leaving No One Behind' (United Republic of Tanzania, 2021). It is tailormade to suit the country's highly decentralized health system. Thus, the President's Office for Regional Administration and Local Government (PO-RALG) is responsible for coordinating, facilitating, and managing the implementation of the strategic plan through local government authorities at council, ward, village, and community levels. The Local Government Authorities (LGAs) are responsible for managing and providing primary healthcare services. The sources for HSF come from government tax revenues, donors' contributions and, to some extent, from an incipient health insurance. It also includes a performance-based financing ('pay-for-performance') approach. Costing of the fifth Health Sector Strategic Plan (HSSP V) was done using the OneHealth Tool[17].

After this 'excursion' we return to the focus of the study and ask: what are key components of successful strategic planning in the public health sector, particularly under the aspect of health financing?

17. This medium-term planning tool takes a holistic approach to costing sectoral plans, embedding service delivery elements within specific health areas and health systems components (Sanders et al. 2022)

3.1.3. Core Elements of strategic planning for health sector reform and financing

A brief review of selected literature[18] enables us to identify constituent elements of a strategic planning exercise for health sector in general and the HSFS in particular. Across the selected literature, their number varies between four and nine core elements or key moments. In the present study we have selected seven of them:

1). Analysis of vision, mission, and values of the health sector

The point of departure is a clear understanding and formulation of the vision of the health sector. It defines the long-term commitment and the direction that the planning entity, e.g. the MoH, wants the health sector to take. The institution's mission statement tells the sector's stakeholders (human resources, clients, donors, the public etc.) about how and with which social, cultural, economic values the vision is to be achieved. In this logic, the strategy can be understood as a way of instrumentalizing the mission to achieve the vision (UAGC ,2023; Syntellis ,2024).

2) Goal setting and definition of objectives and priorities of change

The goals, objectives and priorities for change need to be assessed, not only from the perspective of the overarching outlook and commitments, but also from the perspective of national policies and programmes, as defined by the sector's overall strategic plan and other, more specific plans (e.g., about Primary Health Care (PHC), Mother and Child Health (MCH), specific diseases, vaccinations, supplies of medicines etc.). It is useful to distinguish between disease-specific service delivery, on the one hand, and the overall health system, its structure, quality, and management on the other. This implies that overarching strategic reform objectives, such as decentralization and sustainable (local) development, are to be addressed. Inputs are provided by evaluations of ongoing programmes and/or the mapping of health needs (Olminski, et al 2022). Inputs may also

18. The selected literature, chosen by a literature review methodology of random research articles and literature on the websites regarding HSF, strategic planning in the health sector and SWOT analysis
covers publications by academic institutions, international organizations, consultancy companies, national institutions of health services and NGOs (see bibliography in annex 2). Key documents consulted include Huebner C. & Flessa S. (2022), Rasouli et al, 2020; Esfahan et al. ,2018; Syntellis ,2024); Aliança para Saúde (2021); Overgaag, 2022; WHO, 2016); Kutzin et al, 2017, McIntyre D & Kutzin J. 2016 and Harrison (2020).

include the analysis of needs arising from the territorial and subnational re-configuration of the health system (Esfahani et al, 2018; Ravishankar et al. 2024).

3) Context Analysis

Strategic planners look at the way the health sector is currently organized and contextualize the sector and its financing based on the country's overall development strategy, its policies, and programmes, as well as the macro-economic fiscal conditions. Factors of equity in the distribution of resources, allocation efficiency, transparency and accountability are examined. Needs for change are identified (Kutzin, 2016). Some authors also recommend including the analysis of 'competitor profiles', in this case of the private sector health care services (SHSMD, 2023). Concerning the financial and fiscal factors, several studies emphasize that the need for update and verification of accuracy of relevant data, as well as for fiscal analysis and forecasting, are key for strategic planning in the health sector (Olminski et al. 2022, Alebachew et al. 2023). A financial gap analysis, which looks at expected health spending vs. potential health spending and spending needs, is recommended, and would contribute to taking financing decisions around international health targets (Haakenstad et al. 2018).

4) SWOT Analysis

A SWOT analysis (see details in section below) is often considered as part of strategizing exercises for health financing and particularly as a useful tool for the context analysis. However, its usefulness has also been doubted, especially when key stakeholders within or outside the health system are excluded from the exercise (Wijngarden et a. 2012). However, in most of the reviewed literature, a SWOT analysis is increasingly important for strategic health system reform, given its methodological advantages (Siddiqui, 2020).

5) Key components of healthcare strategic financing

In a perspective of strategic change, key elements of heath financing arrangements and sources are examined, with a focus on the domestic fiscal space and capacity to make use of it. Capital vs. recurrent expenditure is considered together with planning and budgeting procedures for resource allocation, in a medium- to long-term perspective (McIntyre & Kutzin, 2016). Other relevant variables are the intended changes of public administration (e.g. via decentralization reforms) and public finance management (PFM). This implies identifying and projecting the dynamics of the main financing sources: revenue (both fiscal and nonfiscal), specific (programmatic) sector allocations, foreign aid, and the flow of funds from revenue sources to beneficiaries. Sometimes the term strategic purchasing of health services is used[19], direct health facility funding. The resource pooling and harmonization of government and donor priorities in health financing and service delivery need to be considered, also under the aspect of value for money (Kutzin et al, 2017; WHO 2016; Alebachew et al, 2024).

6) Scenarios and strategic alternatives

This is about assessing tactical options for navigating what Huebner and Flessa (2022) refer to as 'dynaxity', i.e. the interplay of dynamics, complexity, and uncertainty of a system. It also usually includes the selection of the best option that balances the institution's potential forces with the challenges of changing circumstances. The selection is determined to the extent to which the focus is on a sober assessment of the own (human, financial, etc.) resource base (Resource -Based View (RBV) or the external resources (Resource Dependence Theory -RDT) (Rasouli, et al. 2020). This criterion is particularly important regarding the likelihood of emergencies and the likelihood of a pandemic (Eaneff, et al. 2002).

7) Develop the strategy execution plan

Here we examine in more detail and in a strategic perspective the link between strategic planning and the institutional efforts to generate the changes envisaged through medium-term plans or several short-term (annual) plans for the sector, aligned with the established planning instruments. This link is often taking the form of a logical framework (logframe) or an explicit theory of change (TOC), which helps operationalizing the strategic plan. Alternatively, we can talk of a roadmap for implementation of a strategic change. The technical quality of a logframe or TOC is an important ingredient, as is the matrix of indicators used for evaluation and continuous risk assessment. Informing

19. 'Health purchasing is defined most generally as the allocation of pooled funds on behalf of the population to the providers of health services. For purchasing to be considered strategic, it must include an active process of allocating funds based on available information about health provider performance and population health needs, with the ultimate aim of increasing efficiency, equitable distribution of resources, and cost containment. Strategic purchasing decisions include: 1) what services and medicines to buy with available funds, 2) from which providers to buy, 3) how and how much to pay those providers' (Ekirapa-Kiracho, 2022: e2084215-2)

and engaging with all levels of the health administration about intended changes, right down to the health unit,is particularly important. There is the risk of resistance to change and clinging to privileges and 'comfort zones' by key health system actors, who can easily obstruct the envisaged changes (Gandrita, Daniel Mandel (2023). This requires the leadership's capability of process and change management and a conducive organizational and managerial culture (Esfahani et al 2018).

3.2. SWOT Matrix

This tool helps to assess the quality of an organization, business, project or, in this case, a strategic document. It looks at four factors: Strengths, Weaknesses, Opportunities and Threats / risks.[20] In the words of Harrison (2010), the 'SWOT analysis is an examination of an organization's internal strengths and weaknesses, its opportunities for growth and improvement, and the threats the external environment presents to its survival…. [Its] primary aim [...] is to bring an organization into balance with the external environment and to maintain that balance over time' (Harrison, 2010: 91). It typically looks at endogenous parameters or variables, such as the size and structure of an organization, its coherence, capacities, and resources. These may be considered either weak or strong, enabling or disabling. In any case, it is assumed that the 'owner' or manager of the analysed subject has agency to influence, and even change those parameters. This is different from the exogenous factors, over which the 'owner' has little or no ownership. Being aware of opportunities can represent a chance to seize upon them, whereas being aware of threats may lead to risk mitigation or avoidance measures.

These dimensions are summarized in a 'simple four box framework', as represented in the figure below.

Figure 1: SWOT Analysis Matrix: components

	Supportive	Hindering
Endogenous factors	Strengths	Weaknesses
Exogenous factors	Opportunities	Threats & Risks
Source, author, based on CIPD, 2024		

20. This sections largely follows CIPD (2024), Teoli, et al (2024) and Harrison (2020).

This tool is a useful analytical instrument, often applied in a participatory way which helps understanding problems and shortcomings, generating ideas, and finding solutions to identified problems. A SWOT analysis is often an intrinsic part of strategic planning, including in the health sector (Esfahani, 2018, Aliança para Saúde, 2021, Rasouli, et al 2020). While its advantages are obvious, its potential disadvantages also need to be considered. Among them are: first, insufficient or lack of corroborated data for assessing the endogenous and endogenies factors; second, important stakeholders may not be part of the SWOT exercise; and third, the SWOT exercise may lack a detailed and coherent structure which assures that all key elements are included in the analysis.

Regarding the latter, in the case of this study on Mozambique's HSFS, N'weti found it necessary to define certain criteria, generated via the literature review, which provide the parameters or criteria against which the SWOT analyses of the HSFS is based.

4. MOZAMBIQUE: ANALYSING THE HEALTH SECTOR FINANCING STRATEGY (HSFS)

4.1. HSFS as part of the Strategic Health Sector Plan (PESS)

The PESS represents MoH's long-term outlook on the health sector development. The document updates the situational analysis and strategies for achieving the strategic objectives, the necessary means and mechanisms for its implementation and its monitoring and evaluation of outcomes. The PESS defines eight strategic objectives and interventions to be supported by two strategic pillars. The first pillar aims to support the increase of the quantity (coverage) and quality ('more and better') of the SNS. The second pillar intends to support and promote reforms of the sector via its decentralization.

The PESS singles out the major challenges regarding HSF: i) its chronic underfunding; ii) inefficiencies in the allocation and transparent use of the scarce available resources; iii) the limits of the fiscal space for health financing and; iv) the

strong external dependence, especially on vertical funds. Taken together, these factors limit the efficiency in allocation and distribution of financial resources, and jeopardize the sustainability of the sector (PESS, 2021: p. 44).The PESS document identifies the HSFS as instrumental for stimulating the Government's 'commitment to a significant annual increase in internal resources, with the aim of covering the sector's needs in the coming years, taking into account the demographic and epidemiological transition and emerging health needs, as well as the global context of economic growth of the country (GDP) together with its tax policy' (PESS, 2021: p 23).

The updated version of the HSFS, whose key points are reflected in the following section, can be considered both result and part of the PESS 2014-2024. In its section 9 ('Reform Actions for Health System Strengthening') the document includes the target of 'approving and implementing a HSFS'[21]. With the development of the current draft of the HSFS, that objective of the PESS has been met in time, i.e. until 2024. Its completion comes in a crucial moment, not only from the point of view of the closing period of the PESS, but also opening up the perspective of a new PESS for the subsequent ten-year period, to which the HSFS may contribute substantially.

4.2. The Object of analysis: the HSFS draft document

The subject of this analysis is the final draft version of the government's HSFS 2025-2034 (Governo de Moçambique, 2024). The key chapters of the HSFS are listed below and the Matrix in Annex 7.1. reproduces the document's overview of the HSFS's strategic objectives, interventions, and actions. Annexes 7.1. and 7.2 should allow the reader to associate the findings of this report with the respective sections and chapters of the HSFS document.

The 50-page HSFS document, including nine figures, eight tables, and an annex, is structured in seven main sections (Annex 7.1). These cover the topics presented below and are accompanied by a summary, as well as introductory and concluding sections. An annex gives an overview over the intended objectives and strategic interventions and actions for health financing[22].

Topics covered:

a) Context analysis, including the national, international macro-economic and fiscal situation, existing partnerships, the impact of Covid-19, as well as the population's wellbeing and socio-economic inequalities.

b) Situational analysis of the health sector, focussing on the health status of the population; the provision, access to and use of health services; financial protection, expenditure levels and out of pocket payments; the allocation efficiency of resources, including management, medicine logistics, supply chains, and the integrated provision of health services at decentralized levels of the health sector.

c) Health sector financing, which analyses health expenditure by financing sources, financial flows to the sector by source and their evolution, mechanisms for purchasing services and for risk sharing and fund aggregation, coverage of health needs by resources, and financial protection of the sector. This section also includes chapters on a strategic framework for health sector financing and produces a vision, principles, and values.

d) Interventions by strategic health financing objective, which deals with four main topics. These are: i) universal access to quality healthcare, featuring the Essential Health Care Package (PECS) for all citizens as well as Point-of-Use Payment System Reform (user fees) ; ii) Public-Private Partnerships (PPP) in the sector, including a risk analysis, iii) promoting of efficiency in the allocation and use of resources and arguing for sufficient and sustainable public funding for the SNS and iv) Increasing and prioritization of the allocation of taxes and fees towards health as a measure to enhance fiscal space. This section also looks at the introduction of mandatory Social Health Insurance and deals with the introduction of financing targets for the sector.

e) Risk analysis, including exogenous risks, such as macro-fiscal volatility, the effects of climate change, natural disasters, conflicts etc., and endogenous risks, such as the health workforce challenges, health workforce salaries, the increase of off-budget funding and others.

21. Section 9.6, bloco 6 reads 'aprovar e implementar a estratégia de financiamento do sector Saúde' (p 123)
22. This Overview is summarized in the Annex 7.2 of this study.

5. THE SWOT ANALYSIS

5.1. Introduction

We analysed the Mozambican HSFS using the SWOT matrix introduced above and evaluating it by applying the seven core elements for strategic planning distilled from a literature review presented in section 3.1. These are summarized in the figure below:

Figure 2: Evaluation of HSFS - Core criteria

Nº	Criterion
1	Analysis of vision, mission, and values
2	Goal setting, objectives and priorities of desired change
3	Context analysis
4	SWOT analysis
5	Healthcare strategic planning and financing
6	Options, strategic alternatives
7	Strategy execution plan
Source: author	

Results

In this section we present the analysis of the HSFS draft document and its results. This is done in a tabular form, in line with the SWOT logic and its sequence. Each of the findings is associated with one of the seven core criteria or aspects selected for assessing and evaluating the document from the perspective of strategic planning.

5.2.1. Strengths

Findings	Criterion
None	Vision / Mission (1) Objectives and priorities (2)
1. Good analysis of national, international and health context	Context Analysis (3)
None	SWOT analysis (4)
2. Good and informative strategic analysis in section 4.2 with detailed updated data and illustrations,; 3. Good and informative analysis of fiscal space with its key components, including financial gap analysis. 4. An overview on the components could add value; 5. Valuable information on health insurance and 'sin taxes' as means of HSF.	Fiscal and financing (5)
5. Excellent use of scenarios in analysis of budget allocations (section 5.4.1, Tables 4-7, Figures 8, 9)	Options, alternatives (6)
7. All key elements considered	Strategy execution plan (7)

Weaknesses

Findings	Criterion
1. Section on vision is very brief and general, and it appears at a somewhat odd place (section 4.5); 'mission' is not explicit,	Vision / Mission (1)
2. Strategic objectives appear inconsistent 3. There is no underlying theory of change which would explain the logic of the HSFS,	Objectives and priorities (2)
4. Some data is outdated; need for updating and verifying data. 5. Little information on private service providers as a potential competitor to public health, section 5.2 only speaks generally on partnerships. 6. The issue of strategic health financing for decentralization of the health sector (strategic Pillar 2 of PESS) is not addressed	Context Analysis (3)
7. SWOT analysis is only selectively and partially used in chapter 3.4. for needs assessment and financial protection, could have been used more productively for context analysis,	SWOT analysis (4)
8. Fiscal space: growth potential through extractive industries is not addressed. 9. Additional clarifications (e.g. on constitutive elements of fiscal space, financing targets etc)	Fiscal and financing (5)
10. Insufficient clarity regarding institutional, administrative, and financial conditions necessary for health units to introduce, administer, manage, and account for health services financed via user fees and health insurance.	Options, alternatives (6)
11. The conclusions, recommendations of HSFS for PESS, CFMP and annual priority setting are not sufficiently clear. 12. The logframe for implementing strategic financing needs review (coherence, indicators, risk monitoring). 13. Regarding the logframe for strategic change: Do the indicated units have sufficient capacity and incentives to engage? Would the establishment of a multistakeholder task force be an option?	Strategy execution plan (7)

5.2.3. Opportunities

Findings	Criterion
None	*Vision / Mission (1)*
1. The work of CREMOD, i.e. elaboration of a consensual model for decentralization, will impact also the health sector reform and its financing. This is an opportunity of reviewing decentralization in the health sector, including fiscal aspects.	Objectives and priorities (2)
2. New government may be more open to reform, including prioritization of funding for health sector	*Context Analysis (3)*
See: 5.2.1 and 5.2.2 above	*SWOT analysis (4)*
3. Economic growth driven by extractive industries has, under certain conditions, the potential to widen the fiscal space for HSF. 4. The establishment of a Sovereign wealth fund and its modality of functioning could be a potential source for health sector financing.	Fiscal and financing (5)
5. Economic growth driven by extractive industries has, under certain conditions, the potential to widen the fiscal space for HSF. The establishment of a Sovereign wealth fund and its modality of functioning could be a potential source for health sector financing.	*Options, alternatives (6)*
None	*Strategy execution plan (7)*

Threats/Risks

Findings	Criterion
None	Vision / Mission (1)
None	Objectives and priorities (2)
1. Risk of quality health services becoming a matter of money rather than a constitutional right for all, 2. Struggles about distributions of resources for health among social strata and within the sector paralysis health services, 3. New pandemics and their impact on health financing and priority setting,	Context Analysis (3)
See: 5.2.1 and 5.2.2 above	SWOT analysis (4)
4. Continued financial fragmentation of heath sector through a new decentralization paradigm, notably at provincial and district level. 5. Budget priority setting for defence and security jeopardizes spending on social sectors, including health. 6. Effects of volatility and reduction of external support to health sector because of changed domestic priorities on donor countries (reduction of development aid budgets), 7. Further contracting if private sector dynamic under adverse conditions (high interest rates, high tax burden, corruption etc. reduces fiscal space), 8. The implication of fast urbanisation with accentuated vulnerabilities and challenges has fiscal consequences which might negatively affect UHC.	Fiscal and financing (5)
None	Options, alternatives (6)
9. Collective strike action by the health workforce paralyses HSF and delays reforms	Strategy execution plan (7)

Conclusions and recommendations

5.3.1. General Conclusions

In addition to the findings presented in the previous section, general conclusions can be drawn.

Firstly, the current draft of Mozambique´s HSFS 2025 -2034, covers, grosso modo, all aspects considered by literature to be relevant for strategic health sector planning and financing, albeit in different degrees and quality and in a structure whose logic is not always evident to the reader.

Secondly, the document demonstrates marked qualitative improvement in comparison to the previous document (Governo de Moçambique, 2021), notably concerning the section 4 of health financing, including the assessment of fiscal space, and the presentation of financial scenarios, which adds considerable value in comparison to the previous version.

Thirdly, it is neither clear nor explained to the readers, why the method of SWOT analysis, which is considered useful by many authors for strategic planning, has not been systematically used for, e.g., assessing contextual features of the health sector.

Finally, a review of its form, consistency and sequencing could improve the quality of the document. Quality gains also could be achieved by updating relevant data and statistics, and by introducing time periods for some of the data used. Sometimes the reader is confused about the period of validity of the HSFS: ins some parts of the document, the timeframe is from 2024 to 2030, while in other parts of the document the period is extended to 2034. The table of abbreviations also needs to be updated (e.g. include HAPT).

5.3.2 Specific recommendations

In this section we come back to the analysis of sections 5.2.1 and 5.2.2, and make specific recommendations for improvements of the HSFS draft document, during its review process. In doing this, we only consider the findings presented on the supportive (strengths) and hindering (weaknesses) factors of the endogenous aspects, over which the MoH has command. These suggestions are presented in the sequence of the criteria or core elements used in the SWOT analysis.

(1) Vision / Mission

a. While the vision and the underlying values of the SNS are briefly touched upon in section 4.5. of the HSFS, and in relation to the PESS 2014-2019 (2024), there is no mention of the document's contribution to the new PESS 2025-2034. This document is only mentioned once, at the end of the HSFS' introduction. The vision of the HSFS is supposed to contribute to a new PESS, geared toward achieving UHC; and this is not really addressed. The document also does not address explicitly the mission assumed by MoH in addressing, steering, and effectuating those changes and adjustments. We suggest that the vision and mission are addressed at the beginning of the document.

(2) Objectives and priorities

b. Linked to the point raised above, it could be beneficial for the reader if the HSFS document clearly defines, from the beginning, the Objectives and Priorities of the HSFS, maybe in tabular form, and states which changes of the PESS 2025 – 2034 the HSFS wants to contribute to.

c. Regarding the strategic objectives, there seems to be an inconsistency between the three strategic objectives defined in section 4.5.2 (and reflected in the annex 1 on strategic objectives) and those in section 5, where four strategic objectives, different from the former are formulated.

d. Priorities are not clearly defined, in function of scenarios. The reader has the impression that the realization of all strategic objectives has the same priority. This neglects the point of strategic importance that, under different fiscal scenarios, choices have to be made, prioritizing financing specific areas over others.

e. A TOC would be useful to underpin the logic of the HSFS's contributions to changes towards UHC, its visions and objectives. A brief proposal to that effect is given in Annex 7.3 of this document.

(3) Context Analysis

f. It has already been mentioned above that some data need updating and verification, particularly those used from National Health Accounts (CNS).

g. There is no systematic examination of the growth, scope, area of intervention and resource endowment of the private health sector (which is part of the SNS) in relation to the public sector providers of the SNS. Are these two parts of the system operating in a complementary or competitive way? How does the growth of private health providers affect the public health services, the distribution of qualified personal, medicines and equipment, and the income stratification of households? The HSFS document only makes a cursory mention of 'partnerships'. There is a strong need to elaborate more on this, maybe with inputs of a separate study which could be commissioned.

h. The HSFS is implicit on the decentralization of the sector, one of the two pillars of the PESS 2014-2019 (2024). The reader may want to be better informed on the scenarios: what role do districts and municipalities play in providing primary health services and what are, from a perspective of HSF, the fiscal implications, both positive and negative, of the decentralization of the sector? What impact does the present decentralization paradigm, with a factual split of responsibilities between REP and OGDP[23], have on the health sector, both financially and in terms of quality of services and impact on health outcomes?

(4) SWOT analysis

i. It is recommended to subject the HSFS draft to a SWOT analysis by a selected team of health sector stakeholders[24] in order to get a clearer understanding of the context and its endogenous and exogenous factors under with the changes of the SNS takes place and to which the HSFS tries to respond to with consistency, accurate data, realism an relevant strategic orientation. The result of such an exercise could also be relevant for the emerging new PESS 2024-34.

23. Órgãos de Governação Descentralizados na Província
24. MISAU, medical and paramedical staff, other ministries such as MEF, MGCAS etc, donor agencies, NGOs, private health care providers, etc.

(5) Fiscal and financing aspects

j. The quality of the document could be improved by a systematic overview of the most important and constitutive elements of fiscal space for HSF: i) dynamic growth of the economy and domestic revenue; ii) conditioned own source fiscal revenue of the sector (´sin taxes'), iii) own source nontax revenue (user fees) and other payments for health services; v) health insurance, vi) external donor support; v) efficiency gains through improved financial management and governance.

k. It is suggested to add to Section 5 a separate paragraph on economic growth, assuming that economic growth generates additional revenue in IRPC[25] i.e. Corporate Income Tax (CIT) and IRPS[26] (Personal Income Tax -PIT) and thus increases the fiscal space for health derived from increased domestic revenue. Again, there is the assumption here that the increased domestic revenue will be allocated also to health. This is particularly relevant if one assumes a scenario that extractive industries will be the driving force of the Mozambican economy, and that the Sovereign Wealth Fund (SWF) provides a justification for fiscal resources for financing the needs of future generations, in this case the needs of access to health services for a growing population. The inclusion of a scenario of dynamic growth would also need to be reflected in an additional table to Table 1 (on macro fiscal projections).

l. Regarding the allocation efficiency in the health sector through improved planning and budgeting (section 5.3.), the introduction of a medium-term fiscal scenario for the health aligned with the Medium-Term Fiscal Scenario (CFMP[27]) and population growth rates could be considered, through strengthen cooperation between MoH and the Ministry of Economics and Finance (MEF).

m. The proposal of introducing targets for HSF in section 5.4.6 may need further elaboration.

(6) Options, alternatives

n. The inclusion of a scenario of dynamic extractive industry driven growth could also be reflected in an additional table to Table 1 (on macro fiscal projections) and in section 5.4 (scenarios 1 and 2).

25. Imposto sobre o Rendimento de Pessoas Colectivas.
26. Imposto sobre o Rendimento de Pessoas Singulares
27. Cenário Fiscal de Medio Prazo

o. Regarding the planned introduction and review of client out-of-pocket fees payments for health services, medicines, special attendance etc.: what options are considered for the hospitals and health units (and for SDSMAS[28]) in terms of managing this own source revenue in terms of invoicing, administration, accounting for and budgeting this type of revenue? What would need to change from the present status quo?

(7) Strategy execution plan

p. It is suggested to review the logframe in Annex I of the HSFS document, namely i) align its strategic objectives with those in section 5 of the document, ii) introduce the impact level (e.g. UHC, SDG 3.8, etc.), iii) eliminate indicators (in part 3.1.) and elaborate indicators for all planned activities, and iv) elaborate, on the basis of section 6 of the HSFS, a Risk monitoring matrix for both opportunities and risks, differentiated by type of risk and assessment of likelihood consequences and manageability of risks as a separate annex.

6. FINAL CONSIDERATIONS

International literature on HSF strategic planning suggests that a systematic and rigorous process supported by analytical tools represent a promising way forward towards health sector reforms with UHC as the goal. This assumption has been questioned for lack of evidence (Dennis, 2019). One obstacle may lie in the 'isolation' of the planning process from interest and stakes of important stakeholders, such as health unit staff and clients, who may feel excluded from the planning process and turn out to obstruct reform processes. A similar obstacle may be seen in the resistance of stakeholders within the health system, the health administration and agencies responsible for financing, often with a siloed attitude and feeling threatened by the reform. Timely involvement of potential 'obstructors' as stakeholders in the reform process, and proactive strategic leadership may minimize those risks.

A case study on strategy health sector reform in Iran (Esfahani et al, 2018) concludes, that strategic planning focussing also on employees' and patients' satisfaction was positively related to organizational performance and productivity of the system.

Relevant for Mozambique's development of its HSFS are also the insights of a comparative study (Makinen et al 2018) which suggest that strategic health sector financing reform can also positively be influenced by recognizing the benefits of three crucial moments in the health financing strategy development, namely

a) The process to be overseen and monitored by a multisectoral committee established for this purpose.

b) by comparisons with peers which can positively influence a country's decisions, and

c) by considering health finance data generation and use and maintenance as a crucial investment into the strategy and its adjustment over time.

It is hoped that this study, its results, and the literature reviewed produce insights for further improving and eventually finalizing the Mozambican HSFS, which, as the analysis attempted to demonstrate, is on the right track.

28. Serviços Distritais de Saúde, Mulher e Acção Social

7. ANNEXES

7.1. Estratégia de Financiamento do Sector Saúde (EFSS), 2025–2034

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ANEXOS 2

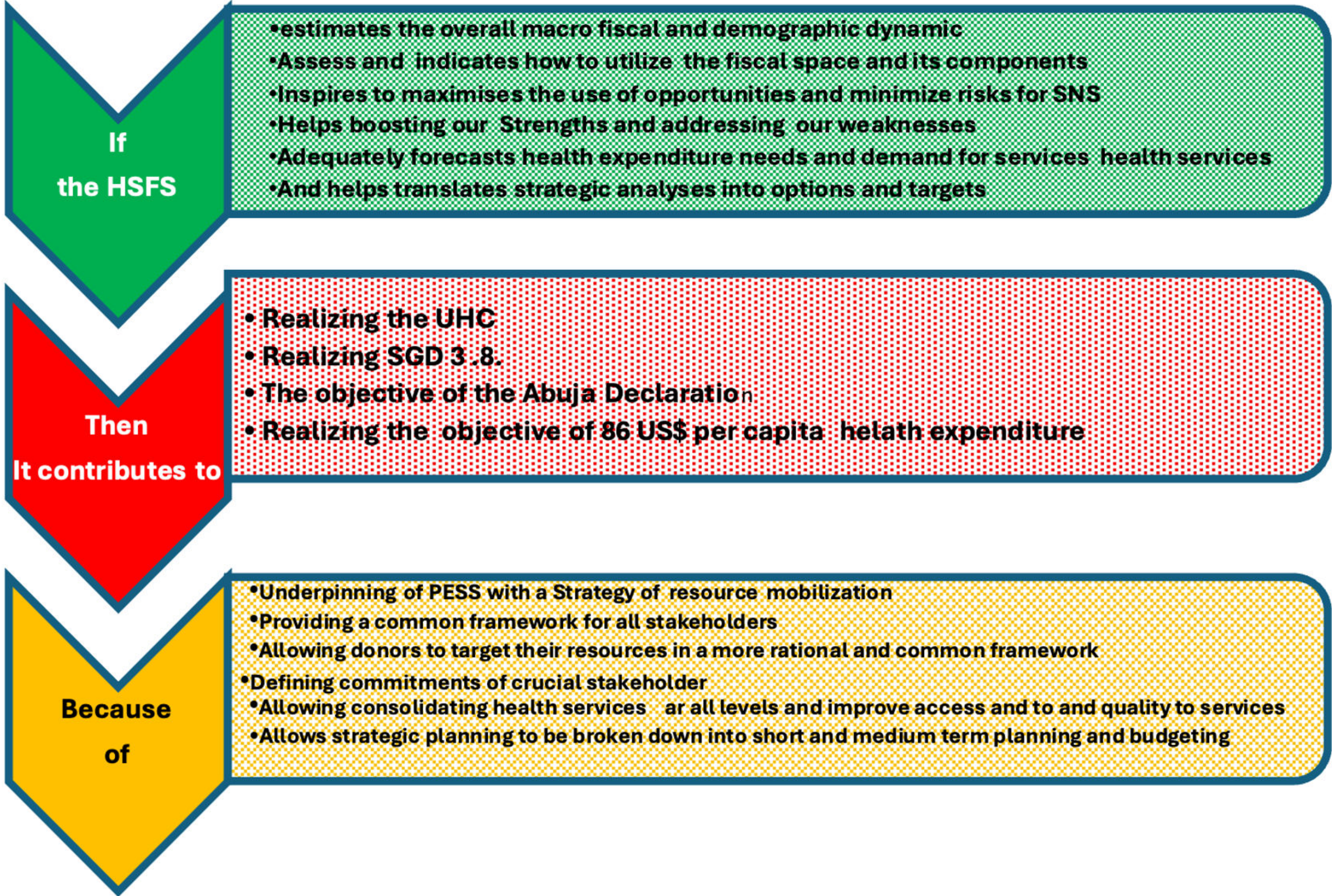
7.2. Health Financing in Mozambique: Objectives, strategic interventions, and actions

Objectives	Function	Strategic interventions	Strategic actions
1. Contribute to universal access to quality healthcare	Planning of basic health service packages	1.1.Implementation of basic health services for all citizens	Expanding the supply of Primary Health Care Services (PHCS) Appropriate allocation of resources to PHCS Addressing emerging challenges that affect the health of populations. Focus on improving the quality-of-service delivery
		1.2. Reform of payment system: user fee	Single revenue information circuit Use of national procedures Valuation of the option to use revenue at source Establishment of permanent mechanisms for monitoring user fees and their effects Simplification of fixed payments: simple, clear, understandable and known before use Standardization and regulation of direct payments: Tax cuts, global exemptions Massive communication about user fees Reducing the incidence of informal payments
		1.3. Development of public private partnerships	Analysis of options ensuring that public health services are provided in compliance with access requirements and quality standards defined by MISAU
2. Promote efficiency in the allocation and use of resources in the SNS	Resource Allocation (Purchasing)	2.1. Improvement of Planning and Budgeting mechanisms	2.1.1. Planning and budgeting by results-oriented programmes 2.1.2. Prioritization of financing for PHCs 2.1.3. Application of allocation criteria to progressively correct health inequities
		2.2. Introduction of strategic resource allocation mechanisms to encourage good governance, efficiency and quality in service delivery	2.2.1. Exploration of financing mechanisms for health units based on performance, prioritizing per capita allocations by health area in primary care units. 2.2.2. Introduction of additional incentives for healthcare service providers who present a positive performance in terms of quality and quantity of services provided, in accordance with measurable and previously agreed objectives.
		2.3. Continuous measurement of efficiency in the health Unit for decision-making in the use of resources	2.3.1. Analysis of the performance of service provision and governance by system levels of care, in relation to resources allocated and executed, as well as the introduction of costing systems for services and medical interventions in the health unit
		2.4. Exploration of outsourcing options	2.4.1. Outsourcing options will be explored in the management of non-clinical services in the hospital network as one of the potential mechanisms for gains in efficiency.

3. Ensure sufficient public funding for the SNS	Revenue Collection / Increase in fiscal space for Health	3.1. Prioritization of the State Budget for Health	3.1.1. increase of resources to the health sector, taking into account funded needs, [and responding to 3 key indicators: Public expenditure on Health over total public expenditure, public expenditure on Health over GDP and US$ per capita with public resources].
		3.2. Increase and allocation of taxes and health-related fees	3.2.1. Increase existing taxation on tobacco, alcohol and soft drinks 3.2.2. Tax new products within the Specific Consumption Tax 3.2.3. Introduce conditioning of health-related taxes and car insurance benefiting the health sector
		3.3. Alignment of external funds with the provision of services in the National Health Service (SNS)	3.3.1. Advocacy in mobilizing external funds, to complement the financing gap and the implementation of the health services package 3.3.2. Alignment of external funds in accordance with national procedure 3.3.3. Focusing external funds on strategic investments that enable the development of the health system
		3.4. Progressive introduction of mandatory Social Health Insurance	3.4.1. Design the operating mechanism and institutional arrangements
		3.5. Introduce compensation mechanisms for services provided in the SNS	3.5.1. Proposal for mechanisms to compensate the SNS for services provided to the private sector, including strengthening billing capacity and payment tracking
		3.6. Introduction of financing targets for the sector	3.6.1 Ensure mechanisms to ensure financing for the sector regardless of the combination of the sector's sources of revenue.

Source: Governo de Moçambique, 2024 EFSS, annex 1. Translated by author

7.3. Theory of Change – elements of a proposal



Source: author

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