

**Track/Category:** D20: Leveraging global health initiative funds for strengthening other health outcomes and health systems

**Title:** Diagonal financing models for HIV clinical services to decentralized health providers/authorities in Mozambique

**Authors:** S. Saca<sup>1</sup>, J. Rodrigues<sup>1</sup>, C. Alons<sup>1</sup>, C. De Schacht<sup>1</sup>, N. Fitch<sup>1</sup>

**Affiliations:** <sup>1</sup>Elizabeth Glaser Pediatric AIDS Foundation

**Background:** In Mozambique, the national health system is highly centralized and health care is almost exclusively provided in the public sector. Health facilities and districts have had minimal budget, human resource, and quality-of-care autonomy. Since 2006, the Elizabeth Glaser Pediatric AIDS Foundation (EGPAF) has supported a large PEPFAR-Funded HIV program in 4 provinces of Mozambique. In 2009, EGPAF moved from providing direct support to health facilities, district, and provincial health directorates to sub-grant financing and building management capacity of decentralized health authorities.

**Methods:** EGPAF supported 4 provincial, 36 district health authorities, and 9 autonomous hospitals to develop budgets, workplans and targets. Cost-reimbursement district grants averaged US\$90,000 and provincial grants US\$265,000. EGPAF provides technical/ financial assistance through quarterly clinical and financial site-level supervision.

**Results:** Compared to other EGPAF country programs with similar approaches, the amount of staff time and resources needed to support sub-grants was significantly greater in Mozambique. At 12 months, burn rates were low and variable (49% +- 26%). Districts that received prior EGPAF support showed higher burn rates. While no significant misuse of funds occurred, 90% of beneficiaries did not submit monthly cash reconciliations until 12 months after initiation. The quality of clinical services stayed the same. Significant improvement in financial reporting and budget development occurred in year 2. Ministry of Health (MOH) staff facilitated planning workshops, and prepared budgets and workplans independently. All beneficiaries want to continue subgrants despite reporting burdens. Districts recently initiated quarterly quantified quality improvement tools as a prerequisite to cash transfers.

**Conclusion:** In Mozambique, building decentralized financial capacity via sub-grants took greater time and investment, without measurable quality improvement, to date. Financial management capacity building is resource intensive. Conditioning cash transfers to quality improvement is possible once financial management skills are attained. Additionally, performance-based incentives, using fixed price subgrants, will be introduced in two provinces.