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Alliance for Health Finance in Africa

A TIPPING POINT FOR SUSTAINABLE INVESTMENT IN AFRICAN HEALTH SYSTEMS

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With global aid declining and fiscal pressure mounting, African governments are recalibrating their priorities and financing for health. To respond effectively, governments must reposition health as a driver of growth, modernize their budget systems, diversify funding sources, and reset donor relationships. The choices made now will shape the future of health and development across the continent.

• THE GLOBAL HEALTH FINANCING LANDSCAPE HAS ALREADY SHIFTED

$2.6 Billion

Major Donors Are Scaling Back Global Health Commitments

The U.S. has announced plans to end its financial support to Gavi, withdrawing an estimated $2.6 billion through 2030. The move is expected to leave 75 million children without vaccinations and result in 1.2 million preventable deaths globally.[1] Overall U.S. global health spending may shrink by up to 30% in FY2025.[2] With rising domestic and geopolitical pressures, other traditional donors such as the UK, Germany, and France are likely to follow suit.

$887 Million

Country-Level Impacts of Bilateral Aid Reductions

USAID's withdrawal is not just theoretical; it's already being felt. In Kenya, the agency disbursed $887 million in 2023, equivalent to 12% of total export earnings. In Rwanda, $126 million from USAID equaled 11.8% of national mining exports, and Tanzania saw a 26% year-on-year drop in USAID flows.[3,4,5] These reductions threaten critical programs in maternal health, nutrition, and infectious disease control.

Limitations of Multilateral Funding to Offset Bilateral Cuts

Gavi and the Global Fund are under increasing pressure. Even before the U.S. announcement, Gavi's last replenishment round fell short of targets. Plans to expand access to HPV and malaria vaccines are now in jeopardy.[6] Multilateral funding was never intended to fully replace bilateral aid, and without renewed commitments, health system gains may begin to reverse.

Evolving Nature of Donor Financing Models

Traditional donor models are shifting away from structural support and toward transitional funding frameworks. Increasingly, contributions are tied to domestic co-financing, performance metrics, and short-term results.[7] While these models may improve efficiency, they also risk sidelining long-term systems development, especially in politically fragile or fiscally constrained settings.

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• SHRINKING FISCAL SPACE IS REWRITING POLITICAL INCENTIVES

52%

Rising Debt Levels Are Reducing Health Investment Capacity

Fifty-two percent of African countries are currently in or at high risk of debt distress.[8] In more than 20 of these, debt servicing now exceeds total health spending.[9] The rising cost of debt constrains public investment in essential services, including health, just as external support is declining.

Public Investment Prioritization Favors More Visible Sectors

In many African countries, health loses out in the budget process because it delivers slower and less visible political returns than infrastructure or energy projects. These sectors offer tangible, high visibility wins for politicians. Meanwhile, Ministries of Finance, under pressure to deliver growth, often deprioritize health unless linked to crisis management or economic productivity.[10]

Lack of Integration of Donor Funds in National Budgets

Off-budget donor flows complicate national planning. Ministries of Finance are often unaware of the full scale and scope of external health funding, reducing the incentive to make coordinated domestic investments.[11] The lack of alignment hinders the development of comprehensive financing strategies that support long-term system strengthening.

40K Jobs

Broader Economic Effects of Aid Reductions

The withdrawal of donor support has economy-wide consequences. In Kenya, up to 40,000 jobs tied to donor-funded health programs are at risk. In Tanzania, the potential loss of $52 million in credit guarantees and $24 million in food security support could undermine rural livelihoods, reduce VAT revenue, and destabilize small enterprises.[12,13]

• NEW WAYS AFRICAN COUNTRIES MUST THINK ABOUT HEALTH FINANCING

Reframing Health as an Economic and Development Priority

African governments must reposition health not as a cost but as a strategic investment. Health outcomes have a direct impact on workforce productivity, educational attainment, and resilience to climate and economic shocks.[14]
A healthy population is a precondition for sustained economic development and social stability.

Focus on increased efficiency in health spending

Governments should enhance resource planning, budget execution, and expenditure tracking to boost efficiency. This involves identifying and reallocating funds towards high-impact, cost-effective interventions. Furthermore, development partners should align their support with national priorities through joint planning, harmonized funding, and enhanced coordination.

Expanding Domestic and Innovative Financing Mechanisms

Countries should explore tools like earmarked taxes, pooled health insurance, and debt-for-health swaps. These approaches can help bridge financing gaps while enhancing country ownership. Blended finance and concessional capital may also offer pathways to crowd in private investment under government stewardship.

Rebalancing Donor Relationships Toward Local Ownership

Governments should lead in redefining the donor compact, shifting from project compliance to co-financing and system alignment. African priorities must drive how aid is delivered, not the other way around.[15,16] This is the time to assert local leadership and build partnerships that serve the national agenda

In this new global context, African governments and stakeholders must proactively lead health financing reform by embedding health in national development strategies, strengthening public financial management, and investing in scalable, sustainable systems. Embracing innovative financing tools and fostering equitable partnerships will be essential. This is a pivotal moment to transition from dependency to agency, where political will, technical capacity, and continental collaboration can drive a resilient, self-determined health future.

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