

Beyond Aid: A Reflection on Africa’s Health Financing Readiness

(AHFIA Policy Reflection Series / November 2025)

AHFIA Preface

This Policy Reflection Note is part of the *AHFIA Series on Sustainable Health Financing in Africa*, developed to support policy dialogue and country leadership toward resilient, domestically financed health systems. It reflects the African perspective on transforming financing models in the face of declining external assistance and renewed continental ambition for health sovereignty.

Executive Summary

As global aid for health declines—projected to fall between 14% and 29% by 2025 (OECD, 2024)—African governments confront a critical transition: sustaining health gains through domestic resources while navigating debt distress, inflation, and competing priorities. This note calls for a reset of health financing, anchored in efficiency, accountability, and African leadership through initiatives such as the Africa Leaders Meeting (ALM) on Health Financing.

The reflections that follow highlight three imperatives:

1. Re-thinking fiscal space and efficiency to do “better with what we have.”
2. Mobilizing domestic resources and reprioritizing expenditure.
3. Managing transitions from aid to sovereignty.
4. Leveraging regional and continental platforms to coordinate reform and investment.
5. Unlocking private-sector innovation and partnerships.

Context and Rationale

Over the last two decades, Official Development Assistance (ODA) has significantly transformed Africa’s health landscape, funding life-saving interventions, vaccines, and disease control programs. Yet, in 2025, this model faces structural fatigue. Donor funding for health reached a peak of US\$44 billion in 2020 and has since remained relatively stable. Meanwhile, domestic spending per capita on health in Sub-Saharan Africa averages only \$41, compared with \$3,700 in OECD countries (WHO, 2024).

At the same time, debt servicing now exceeds health spending in over 25 African countries (IMF 2025). The convergence of fiscal consolidation, currency depreciation, and population growth threatens to erode hard-won gains in child and maternal survival, malaria control, and pandemic preparedness.

This fiscal crisis also presents an opportunity for reform. The Africa Leaders Meeting (ALM) Compact on Health Financing, championed by H.E. President Paul Kagame, laid the foundation for countries to view health as an investment in growth and resilience. Building on this, the Accra Health Sovereignty Summit (2025) reaffirmed Africa’s commitment to shifting from dependency to sustainable, country-led financing—aligned with the SUSTAIN Initiative, specifically the Ghana RESET, led by H.E. President John Dramani Mahama, to advance sovereign and resilient health systems.

Reflection 1 – Re-imagining Fiscal Space and Efficiency

Expanding fiscal space for health is not only about securing more money—it is about using existing resources more effectively. Across Africa, an estimated 20%–40% of public health expenditure is lost to inefficiencies caused by weak procurement, fragmented financing, and poor budget execution (WHO AFRO, 2023).

Efficiency reforms have proven transformative when countries align financial discipline with service delivery outcomes. Rwanda and Ghana have both adopted results-based financing and digital expenditure tracking, thereby reducing wastage and redirecting funds to primary healthcare. In Tanzania, reforms in the Health Basket Fund have linked local government disbursements to performance indicators, improving facility-level accountability. Similarly, Ethiopia’s ePFM system now enables real-time tracking of subnational health budgets, cutting average disbursement delays by over 30%.

A key lesson from these reforms is that fiscal efficiency is a political, not merely technical, choice. When health ministries demonstrate measurable returns on spending, Ministries of Finance are more likely to sustain or even increase allocations.

When health investments are aligned with national productivity goals, each dollar invested yields measurable returns in terms of GDP growth and labor output, reinforcing health as both a fiscal responsibility and a growth strategy.

Reflection 2 – Domestic Resource Mobilization (DRM)

African economies collect an average of 15% of GDP in tax revenue, compared to 34% globally (World Bank, 2024). Expanding fiscal space for health requires both progressive taxation and reprioritization of public spending. Targeted health levies, such as those on tobacco, alcohol, mobile transactions, or extractive industries, can generate sustainable domestic financing when coupled with transparency and accountability.

Across Africa, several countries illustrate the potential of domestic innovation. Zimbabwe’s AIDS Levy provides predictable HIV funding; Ghana’s National Health Insurance Levy has expanded coverage for low-income households; and Rwanda uniquely channels a portion of traffic and police fines into its Community-Based Health Insurance (CBHI), ensuring universal enrolment even in lower-income districts.

Yet, raising revenue alone is not enough; domestic resource mobilization must go hand in hand with expenditure reprioritization and accountability. Ministries of Health and Finance require structured collaboration to ensure that every shilling spent yields measurable outcomes. Evidence from the RBM Partnership (2024) shows that each US\$1 invested in malaria control yields up to US\$36 in economic returns—a compelling demonstration that health is not a cost, but a driver of productivity and growth.

Countries that institutionalize this fiscal-health collaboration will strengthen resilience, sustain progress, and reduce dependency on external aid. By aligning fiscal reforms with equity and

accountability, domestic resource mobilization can secure Africa’s health future beyond external assistance.

Reflection 3 — Managing the Transition from Aid to Sovereignty

The era of predictable donor funding is coming to an end, and only countries that plan early will be able to sustain progress. Without well-structured transition plans, abrupt shifts in external support can disrupt essential services, lead to stockouts, and weaken the health workforce.

Ghana offers a forward-looking example. Its *Health Financing Strategy (2020–2030)* established a phased roadmap for the gradual transition from Gavi and Global Fund support, enabling a 35% increase in domestic immunization financing within three years (*Ministry of Health, Ghana, 2023*).

To ensure stability and accountability, countries should institutionalize Fiscal Transition Compacts—formal agreements between Ministries of Finance and Health that set time-bound pathways for domestic substitution of donor funding. These compacts should be tied to measurable outcomes such as malaria elimination readiness or universal coverage of essential health services.

Fiscal transition requires political leadership. Ministers of Finance must not only allocate but defend health investments as engines of productivity and national resilience. Embedding health targets into national development plans—such as Kenya’s Vision 2030 and Rwanda’s NST1—anchors accountability and ensures that health remains a strategic economic priority in the post-aid era.

Transition readiness must become a pillar of fiscal resilience, integrated into national development and annual sector reviews.

Reflection 4 — Leveraging Multilateral Development Banks for Health Investment

Multilateral Development Banks (MDBs)—including the African Development Bank (AfDB), the World Bank, and the Islamic Development Bank (IsDB)—are expanding their health portfolios. Yet, most African countries lack bankable pipelines to access them.

The Nigeria Basic Health Care Provision Fund (BHCPF), co-financed by the AfDB and domestic resources, has pooled multiple funding streams into a single, accountable framework. This improvement has enhanced fiscal predictability and enabled investments in infrastructure and digital systems (AfDB, 2024).

Africa can no longer afford to be a passive recipient—it must shape and drive the new era of development finance.

Reflection 5 — Unlocking Domestic Private Sector Investment

Mobilizing domestic private capital is crucial to reducing reliance on aid and accelerating innovation in health service delivery, infrastructure, and supply chains. The private sector’s financial and technological capacity can complement public resources, expand access, and build more resilient health systems.

Across Africa, pioneering models are emerging. In Nigeria, the Private Sector Health Alliance (PSHAN) has mobilized over US\$100 million for maternal health, vaccines, and health system strengthening, illustrating the potential of structured private engagement (PSHAN, 2024). In Kenya, AMREF Enterprises and Safaricom’s M-TIBA platform have expanded micro-insurance and digital health payments, extending coverage to informal-sector workers and smallholder households (AMREF, 2023). Similarly, in South Africa, private health investment funds have co-financed primary care networks through blended finance models with IFC and local banks.

Beyond direct service delivery, blended finance mechanisms—combining concessional public capital with private investment—are proving catalytic. Instruments such as the Global Health Investment Fund and the IFC Africa Health Fund have attracted investors from across the continent, achieving leverage effects of up to five times for every dollar of public investment (IFC, 2024). These models demonstrate that when well-governed, private finance can accelerate the development of health infrastructure, pharmaceutical manufacturing, and digital innovation.

To fully harness private financing, governments must create an enabling environment that aligns market incentives with public health goals. This includes establishing national health investment forums, developing transparent PPP frameworks, and leveraging sovereign wealth and pension funds to co-invest in health infrastructure, pharmaceuticals, and digital systems.

By bridging public stewardship with private innovation, Africa can unlock new sources of capital for health, reduce its dependency on aid, and drive inclusive, sustainable investment in human capital.

Policy & Partnership Implications

Africa’s health financing transition demands political courage, institutional innovation, and a mindset shift from dependency to sovereignty.

This transformation must be anchored in evidence, strong governance, and strategic partnerships, ensuring that reforms are country-led and regionally aligned.

The following priorities outline practical pathways for governments, regional institutions, and partners to collaborate toward sustainable, domestically financed, and resilient health systems.

1. Embed Health in National Economic and Fiscal Policy

Health must be treated as a macroeconomic investment and integrated into the broader fiscal and growth agenda.

Ministries of Finance should institutionalize Health Investment Accounts within Medium-Term Expenditure Frameworks (MTEFs), linking budget allocations to measurable economic returns such as productivity, employment, and demographic resilience.

National planning commissions can reinforce this shift by including health as a formal chapter in economic development strategies and requiring annual Health-ROI briefings to the Cabinet.

This ensures that health spending is framed not as consumption but as a strategic lever for growth, fiscal stability, and human capital accumulation.

Policy priorities should focus on:

- Integrating health budgeting into national Medium-Term Expenditure Frameworks (MTEFs).
- Pooling fragmented vertical and donor funds under unified country systems.
- Institutionalizing Public Financial Management (PFM) reforms to link performance and disbursement.

2. Strengthen Finance–Health Coordination and Accountability

Fragmentation between Ministries of Finance and Health remains one of the main barriers to efficiency and fiscal discipline. To address this, countries should formalize Joint Health Financing Platforms—inter-ministerial mechanisms that coordinate planning, budgeting, and expenditure tracking.

Regular fiscal and health reviews, supported by digital Public Financial Management (PFM) systems, can ensure that every shilling spent translates into measurable results at the facility level.

Embedding these platforms under Cabinet or ministerial oversight will institutionalize accountability, align fiscal policy with service delivery priorities, and bridge the long-standing divide between macroeconomic planning and health outcomes.

3. Institutionalize Transition Planning and Fiscal Resilience

The end of predictable external aid demands structured, government-led transition strategies. Without proactive planning, abrupt shifts in donor funding risk disrupting essential services and weakening workforce capacity.

Countries should adopt Fiscal Transition Compacts—formal agreements between Ministries of Finance and Health that outline a clear roadmap for gradually replacing donor funding with domestic resources. These compacts should include measurable milestones, domestic co-financing targets, and annual fiscal reviews, ensuring transparency, continuity, and alignment with partners.

Embedding transition planning within national budget cycles and sector performance reviews will strengthen fiscal resilience and reduce vulnerability to external shocks.

Partners such as AHFIA can provide technical support and comparative analytics to help institutionalize these reforms—ensuring that health financing sovereignty becomes a sustained, system-wide transformation rather than an ad hoc response to funding shortfalls.

4. Build Bankable Health Investment Pipelines

Multilateral Development Banks (MDBs)—including the AfDB, World Bank, and IsDB—are increasingly prioritizing health within their investment portfolios, recognizing its central role in human capital development and inclusive growth. Yet, many African countries lack investment-ready project pipelines capable of attracting and managing these resources effectively.

A strong example comes from Nigeria, where the Basic Health Care Provision Fund—co-financed by the AfDB and domestic resources—successfully pooled multiple funding streams into a single, accountable framework. This enhanced fiscal predictability and enabled investments in health infrastructure and digital systems.

To harness these opportunities, countries should:

- Establish National Health Investment Pipeline Units within Ministries of Planning or Finance to prepare, appraise, and package projects aligned with MDB fiscal and social impact criteria;
- Standardize project appraisal tools to ensure readiness for blended and concessional financing; and
- Leverage regional coordination mechanisms—such as the ALM, African Union, and Regional Economic Communities (RECs)—to harmonize criteria and promote cross-country co-financing.

Through these actions, African nations can evolve from borrowers to co-designers of development finance, ensuring that fiscal responsibility and health equity advance in tandem.

5. Enable Domestic and Private Capital to Complement Public Spending

Mobilizing domestic private capital is essential to reducing aid dependency and accelerating innovation in service delivery, infrastructure, and supply chains. Governments should create enabling conditions for private sector co-investment through clear policy frameworks and predictable regulatory environments.

Key priorities include:

- Establishing National Health Investment Forums to attract corporate and institutional investors;
- Designing PPP and blended-finance frameworks aligned with national health priorities; and
- Leveraging sovereign wealth and pension funds for long-term investments in infrastructure, pharmaceutical manufacturing, and digital health systems.

Public capital can strategically de-risk private investment in high-impact areas such as primary care, logistics, and local production. When well-governed, blended finance mechanisms can yield up to five times leverage (IFC, 2024), thereby multiplying the impact of limited fiscal resources.

By bridging public stewardship with private innovation and efficiency, countries can unlock sustainable domestic capital for health—building stronger, more resilient systems driven by shared value and accountability.

6. Reinforce Regional Leadership and Collective Action

Continental initiatives such as the Africa Leaders Meeting (ALM), championed by H.E. President Paul Kagame, and the Health Sovereignty Summit, led by H.E. President John Dramani Mahama, have positioned Africa to lead a new era of health financing reform—anchored in sovereignty, accountability, and regional solidarity.

To sustain this momentum, the African Union (AU) and its institutions—together with regional bodies such as AfDB, and the Regional Economic Communities (RECs)—must drive a coordinated, Africa-owned financing agenda. This requires aligning fiscal, health, and

development planning within a shared framework for sustainable investment and collective accountability.

Key priorities for regional action include:

- Strengthening AU and REC coordination mechanisms to ensure coherence between national, regional, and continental health financing initiatives;
- Establishing a continental peer review and accountability framework to track commitments under the ALM Compact and Health Sovereignty outcomes;
- Expanding regional investment platforms to mobilize blended finance and sovereign-backed funding for cross-border health priorities; and
- Fostering policy dialogue between Ministers of Finance, Health, and Planning, ensuring fiscal decisions reinforce public health outcomes and economic growth.

Through collective action and coherent leadership, Africa can transition from a fragmented donor-dependent system to a unified, sovereign financing architecture—driving health and development through African priorities, African resources, and African institutions.

The Alliance for Health Financing in Africa (AHFIA) can act as a continental platform to coordinate technical assistance, peer learning, and investment alignment between Ministries of Finance, Health, and Planning.

Through such collaboration, Africa can advance a coherent financing agenda—grounded in accountability, efficiency, and fiscal autonomy.

AHFIA Role: Operationalizing Readiness

Building on the reflections and policy priorities outlined above, the Alliance for Health Financing in Africa (AHFIA) will play a catalytic role in supporting countries to operationalize health financing readiness—linking fiscal discipline, evidence, and institutional capacity to sustainable investment.

- Provide technical support for country-level fiscal transition roadmaps.
- Convene peer-learning and dialogue platforms between Ministries of Finance and Health.
- Evidence-generation: develop and disseminate evidence products (scorecards, investment briefs).
- Advocate for alignment of global and continental financing reforms under AU and ALM leadership—ensuring that Africa’s financing agenda is coherent, evidence-based, and country-led.

Through these functions, AHFIA will help countries transition from commitment to capability—transforming fiscal readiness into measurable sovereignty and integrating sustainability into Africa’s health financing architecture.

Conclusion

Africa’s readiness for the post-aid era depends on translating fiscal ambition into institutional reform. By embedding health in economic policy, institutionalizing fiscal–health coordination,

planning credible aid transitions, and leveraging regional solidarity, countries can move from dependence to sovereign, accountable, and innovation-driven health financing. This transformation is not only fiscal—it is political and generational, defining Africa’s path toward resilience and shared prosperity.

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