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A New Compact for Health Financing: Insights from Policymakers Across Africa

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The Center for Global Development (CGD) and the Addis Center for Ethics and Priority Setting in Health (ACEPS) co-hosted a roundtable with 15 leaders from 14 African countries, in mid-January. The aim of the roundtable was to discuss the New Compact for health financing, a proposal for reforming the way countries and donors work together based on three core steps (i) locally led evidence-informed priority-setting, (ii) domestic-first resource allocation; (iii) consolidated supplementary aid.

Key messages:

- There was broad, cautiously optimistic support for the New Compact, with participants seeing potential in its key pillars, but doubting donor commitment.
- Challenges in coordinating the approach were emphasised, as fragmented aid and weak donor alignment remain major barriers, compounded by fiscal pressures, shifting donor priorities, and geopolitical disruptions.
- Participants noted that technical solutions alone are insufficient and that political will, governance reforms, and shifts in donor behavior are critical.
- Participants urged further work on strengthening country capacity, improving donor accountability, and integrating the New Compact into G20 discussions.

The shifting landscape of global health financing

The political economy of global health financing is increasingly driven by fiscal constraints, geopolitical instability, and shifting power dynamics. The COVID-19 pandemic stalled or reversed health gains, and countries and donors now face tightening budgets and rising debt repayments, threatening the sustainability of health investments. Meanwhile, calls to rebalance power in global health governance are intensifying, as existing health aid structures remain fragmented, burdensome, and lacking in country ownership.

Official development assistance (ODA) is under mounting pressure for reform as it struggles to balance efficiency, localisation, and alignment with both donor and recipient priorities. ODA, traditionally focused on poverty alleviation is increasingly redirected to address global challenges such as pandemics, climate action, and refugee crises—blurring the lines between development aid and donor-driven geopolitical interests. This expansion of ODA's scope has diluted its focus and weakened trust among both donors and recipients, with growing concerns that aid is being shaped more by strategic priorities than by genuine development needs.

In recent weeks, the Trump administration's approach to global health has already undermined multilateralism and disrupted funding flows. Executive orders have halted all federal financial assistance, including foreign aid; initiated withdrawal from and termination of work with the World Health Organization; reinstated the Mexico City Policy, restricting access to contraception and barring abortion-related funding across US global health assistance; and placed all USAID direct hire personnel on administrative leave, effectively marking the end of the world's largest donor. Additionally, the Trump administration paused the PEPFAR program, which provides HIV/AIDS medications for an estimated 20.6 million people annually and has saved 26 million lives since it was created in 2003. Despite a waiver, the process is not working and concerns remain on whether the program will resume.

Initiatives for reform

The Future of Global Health Initiatives, the Lusaka Agenda, and the Africa CDC's New Public Health Order signal a push for stronger regional leadership and domestic health financing, across nations that draw on development assistance for health.

Lusaka Agenda and the Future of Global Health Initiatives

The Lusaka Agenda calls for global health initiatives to enhance primary health care, support sustainable domestic financing, improve equity, streamline governance, and coordinate research, development, and manufacturing to address market failures. It emphasises country-led approaches, collaboration, and financial sustainability to strengthen health systems and advance UHC. In 2024, a draft regional implementation roadmap was developed, highlighting key shifts such as regional manufacturing and the adoption of common health system metrics. Pathfinder countries who are

responsible for leading on key shifts and near-term priorities, serving as examples for other nations are in the selection process, with South Sudan, Ghana, and Malawi expressing interest in piloting initiatives. Champion countries will lead by developing work plans, coordinating stakeholders, and reporting on progress relating to the Lusaka Agenda. Discussions also focused on overcoming challenges like donor funding reductions and governance coordination, with an emphasis on accountability, civil society involvement, and local manufacturing. Next steps include finalising the roadmap and initiating joint actions for implementation.

The New Public Health Order

The New Public Health Order is advancing Africa's push for health self-reliance, with progress in national health system strengthening, local manufacturing, coordinated outbreak response, and a strong focus on increasing domestic health financing. Speaking at the 12th Annual Conference of Speakers of National and Regional Parliament in September 2024, Africa CDC Director General, Dr Jean Kaseya stressed the need for stronger public health leadership, increased domestic financing, and investment in infrastructure. Dr Kaseya emphasised the need for countries to adhere to the Abuja Declaration, which commits 15 percent of national budgets to health, and to uphold the 2019 African Leadership Meeting (ALM) declaration, which calls for sustained annual increases in domestic health investment. He also highlighted the Africa Epidemics Fund, established in 2022, as a key mechanism to accelerate the operationalisation of the New Public Health Order.

Roundtable insights from African leaders

Following presentations from CGD and ACEPS, each roundtable participant was invited to give initial remarks, before a brief open discussion section. To foster an open and candid exchange, the event was conducted under the Chatham House Rule. The following section presents the main themes that emerged from the discussion.

1. **Fragmentation and coordination:** Several participants noted the fragmentation in external aid and the difficulty of getting all stakeholders to work together effectively. A few countries, such as Ethiopia, were cited as examples of strong donor coordination, but it was recognised that many countries struggle with coordination, especially where governments have limited capacity to engage donors effectively. The challenge of coordinating donor funding around a unified national health strategy was seen as a major hurdle, particularly in low-resource settings.

2. **Prioritisation and resource allocation:** A significant discussion point revolved around the prioritisation of services and how countries allocate resources within their health systems. Despite some countries having a benefit package or essential health services, these packages are at times not well-costed or prioritised. The participants emphasised the need for stronger capacity in countries to develop evidence-based priority-setting for health services. There were calls for better alignment between ministries of health and ministries of finance to ensure that resource allocation reflects the real fiscal constraints and national priorities.

3. **Health system strengthening:** Some participants raised concerns about the oversight of broader health system strengthening in the proposed compact, citing examples such as Rwanda, where funding for disease-specific programmes (e.g., HIV and tuberculosis) has been used to build broader health systems. They stressed that donor support should not only focus on disease-specific interventions but also contribute to the strengthening of health systems that can deliver services across multiple health issues.

4. **Political economy and implementation challenges:** There was recognition that technical solutions alone would not solve the political and governance challenges that often prevent effective implementation. Several participants pointed out that while the principles of prioritisation and resource allocation are well understood, the real challenge lies in convincing stakeholders—both within governments and among donors—to act on these principles. The need for political will and a shift in donor behaviour was highlighted as critical for the success of the New Compact.

5. **Lessons from country experiences:** Various country-specific experiences were shared, from Ethiopia, Rwanda, Nigeria, and others, which illustrated the importance of coordinating among different stakeholders, such as the ministry of finance, ministry of health, donors, and subnational governments. Nigeria, for example, has made strides in developing a sector-wide approach to health financing, but challenges in ensuring compliance and behaviour change among both domestic stakeholders and donors, remain.

6. **Country ownership and donor engagement:** There was a strong consensus on the importance of countries being in the driver's seat of their health financing strategies. Participants highlighted the need for a clear delineation of roles between governments and donors, particularly in terms of funding responsibilities. One participant suggested that while countries should lead with their own funding and priorities, donors' roles could focus on global public goods and other areas where they can add value, such as research and development for new health technologies. However, questions remained on how to ensure alignment between donor priorities and country needs, particularly when donor-funded interventions may not always align with national strategies or cost-effective priorities. On several occasions participants asked how it will be possible to persuade donors to adopt the approach both in terms of initial agreements towards reforms and then in ensuring compliance with the new approach.

7. **Future considerations and recommendations:** The roundtable participants urged a focus on building country capacities for health financing and priority-setting, particularly in ministries of health and finance. They also suggested exploring mechanisms to increase donor accountability and compliance with agreed frameworks, as well as considering the role of subnational governments and health insurance agencies in the process. They emphasised the need for better documentation of the impact of transitions, such as moving from donor-driven programmes to national strategies, and the importance of understanding the risks and sequencing of such transitions. Lastly, there was a proposal to present the New Compact proposal at the relevant G20 workstream.

Overall, participants expressed interest in the New Compact and supported further exploration of such reforms, recognising its potential to empower countries and set priorities. However, the discussion underscored the complexity of aligning global health financing with national health priorities and the need for more effective coordination among all stakeholders. While there was broad support for the New Compact's vision, participants expressed a need for a clear, practical roadmap for its implementation. Additionally, building stronger country capacities, fostering genuine political will, and ensuring accountability from all stakeholders, particularly donor alignment was said to be key to ensuring that the New Compact delivers on its promise of improved health financing and outcomes. Some raised questions over whether donors would be sufficiently incentivised to adopt such an approach. Specific suggestions for further engagement included working through this year's G20 health financing working group and exploring follow-ups within participants' country contexts. The sentiment was cautiously optimistic, acknowledging both the promise of the New Compact and the significant challenges that must be overcome to realise its potential.

Next steps

CGD's next steps include further refining and operationalising the proposal for a New Compact between donors and aid-recipient countries, integrating the learnings from the roundtable. We will aim to:

1. Build consensus among policymakers, donors, and experts on a shared approach to the New Compact;
2. Develop a practical framework to guide policymakers in assessing the key determinants of success;
3. Design a roadmap for effective implementation at the country level; and
4. Understand the potential impact of the New Compact in global perspective.

To advance this agenda, we will collaborate closely with country ministers, local stakeholders, and international organisations, ensuring that the New Compact approach is both actionable and impactful.

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