



# A New Era for Global Health: Can African Countries Agree a New Compact with External Donors?

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African health systems are at a crossroads, grappling with systemic challenges including workforce shortages, underfunded infrastructure, and climate-driven health burdens. Volatile financing—driven by unpredictable donor commitments and competing global priorities—has left countries vulnerable to disruptions in essential services. The urgency for reform is amplified by overlapping crises, from [pandemic recovery](#) to [climate shocks](#), demanding a reimagined approach to health financing that prioritises African agency and long-term sustainability.

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## Health financing in African countries in 2025

### The challenges of traditional development assistance for health

Traditional development assistance for health (DAH) has long been criticised for its inflexibility, fragmentation, and misalignment with national priorities. Donor-driven agendas often prioritise vertical disease-specific programmes over holistic health system strengthening, creating siloed interventions that strain local capacities. Conditional aid structures and short-term funding cycles further undermine long-term planning, while reliance on external actors risks eroding public trust in government-led

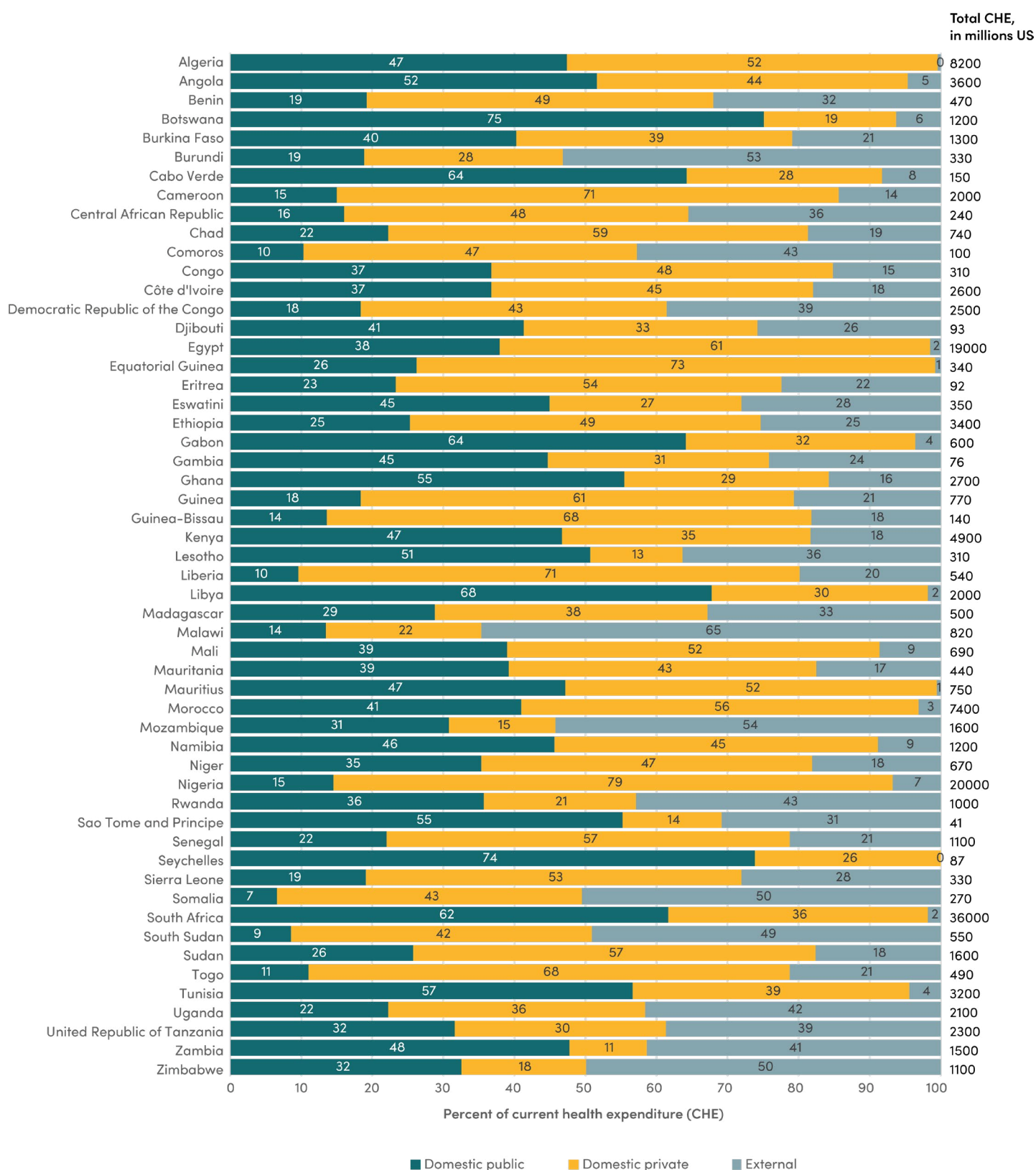
systems. These systemic flaws have left African health systems disproportionately exposed to abrupt shifts in donor priorities—a vulnerability starkly illustrated by recent developments.

The main limitation of the current system lies in its difficulty in fully adapting to local contexts and specific needs. By focusing on particular diseases or conditions, donors may unintentionally weaken the broader health system that supports these initiatives, leading to inefficiencies and gaps in essential services. It is now crucial to reconsider the financing structure to strengthen the capacity of national governments while ensuring long-term accountability and sustainability of health systems.

### USAID exit: A case study in volatility

The USAID funding freeze and subsequent withdrawal have resulted in a [\\$12 billion shortfall](#) in Africa's healthcare financing. This gap jeopardises essential programmes, particularly [those supporting reproductive health and HIV/AIDS treatment](#). For instance, in Uganda, [nearly two-thirds of HIV programme funding came from PEPFAR](#) (the US President's Emergency Plan for AIDS Relief), which is now at risk. Similarly, Kenya could lose [\\$300 million](#) this fiscal year, potentially [displacing treatment to 1.3 million people](#).

**FIGURE 1** Current health expenditure by funding source in African Union member states, 2022



Source: World Health Organization, Global Health Expenditure Database, <https://apps.who.int/nha/database/Select/Indicators/en>.

The [consequences extend beyond immediate service disruptions](#); they erode trust in health systems and create uncertainty for millions dependent on these programmes. As highlighted by [experts at the Africa Health Agenda International Conference](#), this crisis underscores the urgent need for African governments to prioritise domestic health financing and reduce reliance on external aid with more resilient and diversified financing strategies.

## Emerging African-led initiatives

In response to these challenges, African countries are advancing innovative frameworks to reform health financing. These initiatives aim to strengthen the self-sufficiency of countries while balancing national sovereignty with the need for strategic partnerships with global actors. The goal is to ensure that countries take charge of their own financing while maintaining continuous international support. These initiatives are:

- ▶ [New Public Health Order for Africa](#): Led by the Africa Centres for Disease Control and Prevention (Africa CDC), this vision focuses on strengthening public health institutions, expanding pharmaceutical manufacturing capacity within Africa, investing in workforce development, and fostering equitable partnerships with global donors. The framework prioritises sovereignty in health governance and aims to build resilience against external shocks like the USAID withdrawal.
- ▶ [Lusaka Agenda](#): Launched in 2023, this initiative emphasises increased domestic investment in health-care, a greater focus on health system strengthening, and improved coherence and coordination among donors. It also advocates for pooled funding mechanisms to reduce fragmentation and improve efficiency while establishing accountability frameworks to track spending.

## Successful cases for reform: Proof of concept

While systemic reform remains an ongoing challenge, several African countries have demonstrated that targeted initiatives can yield significant results. [Nigeria's Basic Health Care Provision Fund](#) is one example which serves as proof that change is possible when reforms align with national priorities and leverage innovative financing mechanisms. By allocating 1 percent of consolidated revenue (approximately \$150 million annually) to primary healthcare services, Nigeria has improved access for millions since 2022. The programme incorporates performance-based disbursements and state-level co-financing requirements to ensure accountability and sustainability.

## Responding to the challenges of today and tomorrow: Africa CDC's role in health financing

Africa CDC plays a key role in reshaping health financing across the continent in line with its Health Economics Programme (HEP) vision.

### Strategic vision for health financing

Africa CDC's strategic plan includes prioritising the following key areas in health financing:

1. **Domestic resource mobilisation:** Strengthen the capacity of African countries to generate internal funding for their health systems, reducing their reliance on external aid.
2. **Diversifying funding sources:** Explore innovative financing models, such as domestic tax revenues, earmarked taxes, and public-private partnerships to diversify resources and ensure sustainable health financing.
3. **Optimising health fund management:** Improve the management of public health funds by creating transparent and accountable systems that ensure the efficient use of available resources.

4. **Using evidence-based data for efficient fund management:** Leverage technology and evidence-based data to guide the allocation of health funds, ensuring that decisions are informed by reliable data and resources are allocated effectively.

As part of its mandate under the New Public Health Order, Africa CDC is driving efforts to strengthen health systems, mobilise resources, and establish sustainable financing mechanisms that reduce dependency on external aid. By focusing on innovative partnerships, capacity building, and long-term planning, Africa CDC is helping African Union member states chart a path towards universal health coverage and resilient health systems.

## Key initiatives

Africa CDC is driving several key initiatives to enhance health security and sovereignty across the continent. **The Lusaka Agenda** is a significant effort aimed at reforming global health financing mechanisms to ensure predictable and sustainable funding for African health systems. Additionally, Africa CDC [has partnered with the Africa Public Health Foundation](#) to mobilise resources for public health initiatives, including outbreak responses and workforce development. The **Saving Lives and Livelihoods Initiative**, supported by the Mastercard Foundation, focuses on COVID-19 vaccination, strengthening health systems, and protecting vulnerable populations, with a current emphasis on integrating vaccines into routine immunisation programmes.

Other notable initiatives include [Regional Manufacturing Partnerships](#), which aim to promote local production of vaccines and medicines by harmonising regulations and enhancing quality standards. This effort supports Africa's pharmaceutical sovereignty and reduces reliance on imports. The **Africa Pathogen Genomics Initiative**, launched in 2020, enhances genomic surveillance by equipping laboratories with advanced sequencing capabilities. With significant funding from partners like the Gates Foundation, Africa PGI is improving the continent's ability to track infectious diseases and detect antimicrobial resistance, while also developing expertise in bioinformatics and next-generation sequencing.

## Three horizons of health financing reform

The HEP is pursuing an ambitious programme of work to support these objectives. Its approach addresses immediate needs while laying the groundwork for long-term transformation:

1. Horizon 1 (<6 months): Rapid action to maintain life-saving services during crises through emergency funding pools and [resource mobilisation from partners like Afreximbank](#).
2. Horizon 2 (6–18 months): [Consolidation of finances at the country level](#) by harmonising donor flows into national budgets, reducing fragmentation, and ensuring alignment with country priorities.
3. Horizon 3 (1–3 years): [Structural reforms](#) aimed at institutionalising domestic resource mobilisation strategies while resetting relationships between donors and recipient countries under frameworks like the Lusaka Agenda.

This multifaceted approach aims to address immediate needs while also laying the groundwork for long-term, sustainable health financing solutions.

## New models for health financing

The evolving landscape of global health financing has spurred the development of innovative models aimed at addressing the challenges of volatility, fragmentation, and inefficiency in traditional aid mechanisms. In response to this, Africa CDC will be working with the Center for Global Development in the coming months to explore the potential for a [New Compact](#) between countries and donors based on three principles:

1. **Locally led, evidence-informed prioritisation:** Countries are empowered to set their own health priorities based on evidence, ensuring that external funding aligns with national needs rather than donor-driven agendas.

2. **Domestic-first resource allocation:** Governments take ownership of financing essential health services, with external aid supplementing these efforts rather than replacing them.
3. **Consolidated supplementary aid:** Donors collaborate to provide “top-up” funding for services that would otherwise remain unfunded, complementing domestic efforts and reducing fragmentation.

The New Compact for health financing offers six key benefits. It reduces funding volatility by ensuring core services are domestically financed, while aid expands services at the margin. It decreases aid fragmentation by aligning donor contributions with national priorities. The model prevents domestic finance displacement, enhances evidence-based prioritisation, and improves transition planning by creating a natural exit strategy for donors. Finally, it fosters greater country ownership by empowering governments to set their own priorities. This approach creates a more sustainable, efficient, and equitable global health financing system that strengthens national health systems and reduces dependency on external aid. The overall goal is to create a more predictable and unified health financing model that reduces dependence on external aid and empowers African countries help Africa to manage the competing demands of urgent healthcare needs and long-term system strengthening.

To further deliver on new approaches to aid, Africa CDC will continue to draw on its extensive network of partners to bring in the best ideas to the table. This may include leveraging partnerships with private sector actors and financial institutions to diversify funding sources beyond traditional aid mechanisms.

### Private sector partnerships

The private sector is playing an increasingly vital role in reshaping health financing through innovative partnerships. These collaborations leverage private investment, expertise, and innovation to complement public health efforts, expand access to care, and strengthen health systems. One example includes pharmaceutical manufacturing, where Africa CDC has partnered with Afreximbank and Gavi to [invest \\$1 billion](#) in local vaccine production

facilities over the next 10 years. Another, includes private sector engagement in [mobile-based micro-insurance schemes](#). In the context of the New Compact, private sector partnerships may act in parcel with consolidated supplementary aid. Coordinating the financing of services at the margins which aid may not be able to cover.

## Conclusion

The current challenges in African health financing present both a crisis and an opportunity for transformative change. As traditional funding sources become less reliable, there is an urgent need for African countries to prioritise domestic health financing and invest in primary healthcare. Meaningful reform requires high-level leadership and a coordinated effort from governments, regional institutions, and the private sector.

This is a defining moment for African leadership in global health. By shifting the financing paradigm, Africa can pave the way for a more autonomous, equitable, and resilient healthcare system that will not only safeguard the continent’s future health but also contribute to global health security.

By advancing African-led initiatives like the Lusaka Agenda and New Public Health Order while embracing innovative financing models such as the New Compact, African nations can chart a path toward self-reliance in healthcare financing. However, success will require strong leadership and coordinated action at both national and international levels to ensure sustainable progress in this new era of global health governance. We encourage stakeholders at the G20, including the hosts South Africa and the African Union, to be bold in identifying priorities for health financing reform in these times of change and uncertainty.

By addressing the current challenges, African countries can work towards building more resilient and sustainable health systems for the future. This shift towards self-reliance and financial prioritisation is not just a moral obligation but an economic necessity for the continent’s long-term health and prosperity.

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