

IN FOCUS

Closing the Gap: Revitalizing Domestic Health Financing for Universal Health Coverage in Africa

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In recent years, there has been a growing emphasis on domestic health financing. In 2001, African governments committed to allocating at least 15% of their annual budgets to health financing. However, despite gradual improvements in domestic health spending, only about 2 countries have met this target. The average budget allocation for healthcare across Africa stands at just 7.2%, less than half of the agreed commitment. Several African nations have also worked to strengthen health insurance systems. Notable examples include Rwanda's community health insurance scheme, Mutuelles de Santé, Kenya's Social Health Insurance Fund (SHIF), and Ethiopia's community-based health insurance initiatives. However, success has been limited due to low coverage. On the continental level, the Africa CDC recently launched the African Epidemic Fund to support countries in outbreak preparedness and response.

In line with the United Nations' 2030 Agenda for Sustainable Development, Universal Health Coverage (UHC)—defined as equitable access to quality health services—is a critical for improving health outcomes. Health financing is a key pillar in achieving UHC. Yet, for many countries, especially in the global south, health financing remains a major challenge to attaining equitable access to quality health services. In Africa, over half of the population cannot access the health services they need, with cost being one of the main barriers.

Historically, many African countries have depended heavily on donor support to fund major health programs. In 2021, half of the countries in sub-Saharan Africa relied on external financing, such as grants and loans, for over one-third of their health expenditures. While some nations receive less than 20% of their health budgets from donors, others—such as Malawi and Mozambique—depend on donor funding for more than 60% of their healthcare expenses. However, reliance on foreign aid is neither sustainable nor reliable. Donor funding is often directed toward specific programs that may not align with the recipient country's priorities. Additionally, shifts in the global economy, changing priorities among donor nations, and the rise of nationalist governments in developed countries threaten the stability of such funding.

A significant portion of the population in Africa also relies on out-of-pocket health expenditures, which accounted for an average of 35.8% of total health spending between 2012 and 2020. This figure far exceeds the recommended threshold of 15–20%. These out-of-pocket expenses often go toward lower-quality healthcare and place a heavy financial burden on vulnerable populations.

In February 2025, the Trump administration announced a decision to eliminate more than 90% of the US Agency for International Development's (USAID) foreign aid contracts, along with \$60 billion in overall US assistance worldwide. Given the vital role of US funding—especially for critical health programs in the global south—this abrupt decision to halt both bilateral and multilateral funding has put many lives on the line. In Africa, US funding has been crucial for

HIV/AIDS and malaria eradication programs. The UNAIDS estimates that the sudden withdrawal of funding from the President's Emergency Plan for AIDS Relief (PEPFAR) could lead to a tenfold increase in AIDS-related deaths, particularly in Africa.

Now, more than ever, sustainable health financing mechanisms are essential for African countries to improve healthcare quality, expand service coverage, and scale up interventions against communicable diseases such as malaria, tuberculosis, and HIV/AIDS, while also addressing the rising threats of Non-Communicable Diseases (NCDs). To achieve this, African governments must commit more domestic resources to health financing by increasing budget allocations, strengthening health insurance systems to reduce out-of-pocket expenditures, and enhancing financial protection for citizens. Additionally, African nations should leverage on South-South Cooperation to harness the experiences and best practices from other developing countries that have successfully implemented sustainable health financing models. By prioritizing domestic investment in healthcare, African Countries can reduce their reliance on donor funding, ensure equitable access to quality healthcare, and build resilient health systems capable of withstanding future challenges.