

AFRICAN HEALTH POLICY ALLIANCE

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HEALTH AND REVENUE MOBILISATION IN SOUTHERN AFRICAN COUNTRIES

Health systems in Southern Africa are currently facing significant challenges. Budget constraints are intensifying, epidemiological risks are mounting, and longstanding structural weaknesses are being exposed, which threatens to undermine the progress that has been achieved over the past twenty years.

The COVID-19 pandemic placed considerable strain on **health service delivery** and has contributed to an expected 70% decline in Official Development Assistance (ODA) between 2021 and 2025.

These fiscal constraints are compounded by a range of **systemic and epidemiological pressures**. The number of disease outbreaks in the region increased by 41% from 2022 to 2024, rising from 152 outbreaks in 2022 to 213 in 2024. The latest **mpox outbreak** has resulted in 2862 confirmed cases, including 17 deaths between 14 September and 19 October 2025. Transmission of mpox is active and ongoing in 17 countries in Africa.

A **Marburg** outbreak was confirmed by Ethiopia on 14 November 2025 after nine cases were identified in a southern region of the country that borders South Sudan.

In its latest **Global Tuberculosis Report 2025** the World Health Organisation (WHO) indicated that one of the barriers to an effective TB response is the costs faced by people with TB and their households; about 50% face costs that exceed 20% of annual household income. Reducing this economic burden requires faster progress towards UHC and better levels of social protection. In most high TB burden countries, less than 50% of the general population has access to at least one social protection benefit and values for the Universal Health Coverage (UHC) service coverage index (SCI) are in the range 40–60 (out of 100).



The WHO reports that key drivers of the TB incidence rate at country level include income per capita and the prevalence of undernutrition, HIV infection, diabetes, smoking and alcohol use disorders. There have been marked reductions in the international donor funding which threatens the overall funding for the TB response in many countries. According to WHO funding for provision of TB prevention, diagnosis and treatment amounted to US\$ 5.9 billion in 2024, and funding for TB research was US\$ 1.2 billion in 2023. These figures are 27% and 24%, respectively, of the global targets of US\$ 22 billion and US\$ 5 billion annually by 2027.

At the same time, **debt-servicing obligations** are projected to reach 81 billion US dollars by 2025. These factors combine to reduce the resources available for essential health functions at a time when greater investment is critical to sustain service coverage, strengthen resilience, and protect vulnerable populations who are typically the first to be affected when funding becomes unstable or regressive in its impact.



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In his latest Medium Term Budget Policy Statement (MTBPS) of 12 November 2025 the Minister of Finance (MOF) of South Africa indicated that the fiscal strategies include anchoring fiscal policy by stabilising debt and growing the primary budget surplus, including improving efficiency and effectiveness of spending. In his speech the MOF indicated that **debt-service costs** will grow by 3.8% annually over the medium term. Government debt has grown once again and is projected to stabilise in 2025/26, at 77.9 per cent of GDP. This increase in the debt-service costs is once again at a cost to service delivery, especially in the health sector.

Southern African health systems are currently facing significant challenges as external financial support declines and domestic fiscal pressures intensify. Projections indicate that ODA will decrease by 70% from 2021 to 2025, while governments in the region are expected to confront debt-servicing obligations totalling 81 billion US dollars by 2025. This combination of reduced donor funding and mounting debt narrows the fiscal space available for health, making it increasingly difficult for governments to sustain programmes that have historically relied on external assistance. **Persistent underinvestment in health** limits the ability of these systems to address emerging risks and hinders progress toward Universal Health Coverage, particularly given that public budgets are strained by rising interest payments and competing priorities.

A considerable number of the Southern African countries remain **highly dependent on external financing**, with ODA accounting for more than one third of total health spending in several cases. For many years, this external aid has been crucial in supporting health initiatives targeting HIV, immunisation, maternal and child health, as well as other essential public health areas. The region is heavily dependent on imports for vaccines, medicines, and diagnostics, with more than 90% of these supplies sourced from outside Africa. Such reliance exposes health systems to global supply shocks that can disrupt essential services and drive-up costs. Recent projections suggest that growth in development assistance will decelerate through 2050, while domestic public funding is only expected to increase moderately. This scenario is likely to intensify pressure on governments to generate more sustainable domestic revenue and to improve the efficiency of resource utilisation.

A strategic shift in perspective is necessary. Health should be understood as an investment in productive capacity, stable economic growth, and social resilience, rather than merely as a recurrent expense to be minimised.

Improved health contributes to higher labour productivity, better educational attainment, increased lifetime earnings, and a more stable tax base. The financing landscape needs to be analysed to identify principal barriers to effective resource mobilisation and expenditure, highlight successful innovations and country examples, compare regional profiles, and conclude with a set of policy recommendations that connect health financing reform to inclusive economic development.

Sustainability remains a key concern. There is an urgent need for mobilising domestic resources, yet many nations contend with limited tax bases, slow growth in public spending, and increasing debt service obligations. Expanding fiscal space requires a blend of revenue-raising initiatives and efficiency improvements.

Broadening tax bases, implementing fair excise taxes on alcohol, tobacco, and sugar-sweetened beverages, introducing solidarity levies designated for public health, and strengthening tax administration can all help stabilise funding. Concurrently, reforms aimed at reducing financial leakage and enhancing procurement, supply chain management, and workforce productivity are necessary to ensure that additional revenues are directed toward expanding coverage and improving outcomes, rather than being lost to inefficiency. **Building a credible and sustainable financing system** depends on both reliable resource mobilisation and responsible use, which is fundamental to managing external shocks and maintaining progress towards Universal Health Coverage.

FINANCING ARCHITECTURE FOR HEALTH

The financing architecture for health should be both adequate and reliable, with clear rules for allocation and strong accountability for results. Expanding fiscal space through fair health taxes, solidarity levies, and credible innovative instruments is necessary but not sufficient. These revenues must be pooled to promote equity, channelled through strategic purchasing that rewards access and quality, and managed within transparent systems that link funds to outputs and outcomes. In parallel, efficiency gains must be realised through better procurement, supply chain performance, and workforce productivity, supported by routine use of digital tools and interoperable information systems.

Barriers to Effective Health Financing and Revenue Collection include:

- Fiscal Constraints
- Donor Dependency and Volatility
- Governance Challenges
- Infrastructural Barriers
- Mixed Mechanisms and the Need for Harmonisation
- Socio-cultural Factors

Future progress depends on disciplined implementation and coordination. Governments should institutionalise Abuja commitments within costed national plans, consolidate fragmented pools, and safeguard last-mile delivery for programmes that remain vulnerable to external funding shifts. Regional bodies can accelerate resilience by expanding pooled procurement, advancing regulatory harmonisation, and supporting joint investments in surveillance, preparedness, and local manufacturing of essential health products. Public-private collaboration should be used selectively for defined functions under contracts that protect equity and quality.

A focused learning and accountability agenda is also needed. Countries should adopt standardised indicators that connect revenue, pooling, and purchasing decisions to service coverage, financial protection, and quality. Annual public expenditure reviews and performance dashboards can make deviations visible and enable midcourse corrections. Priority research should assess the distributional effects of health taxes, the performance of provider payment reforms, and the conditions under which diaspora instruments and blended finance deliver value for money. These efforts will strengthen legitimacy, guide resource allocation, and build public trust.

The region faces real constraints but also has a clear pathway to durable gains. By mobilising predictable domestic resources, pooling risks more effectively, purchasing strategically, and governing transparently, Southern African countries can stabilise service coverage, protect vulnerable populations, and advance toward Universal Health Coverage.

The reforms outlined in this report are feasible within current fiscal realities when anchored in primary health care, supported by digital and supply chain upgrades, and monitored through consistent, publicly reported metrics. With sustained political commitment and coherent execution, health systems can become more equitable, resilient, and growth-enhancing over the next decade.

Nevertheless, there is compelling evidence from the region that well-designed reforms can expand coverage, improve financial protection, and achieve better outcomes, even in the face of fiscal constraints.

These strategies tend to be most effective when they are accompanied by strong public financial management, transparent earmarking, and harmonised purchasing mechanisms that minimise fragmentation and direct resources to cost-effective services, particularly in primary health care and essential medicines.

AHPA proposes the following policy recommendations to ensure sufficient resources for health care service delivery in the Southern African Countries:

- Institutionalisation of the Abuja Commitments
- Expanding Risk Pooling and Strengthening Strategic Purchasing
- Mobilisation of Domestic Revenue with Health Taxes and Solidarity Levies
- Application of Innovative Financing under strong Governance
- Strengthening Public Financial Management and Transparency
- Institutionalisation of Community Health Platforms within Primary Health care
- Closing Human Resources and Gender Gaps
- Modernisation of Supply Chains and last-mile Logistics
- Investment in Digital Infrastructure, Data use, and Accountability
- Coordination of Actors and Safeguard Essential Programmes during Funding Transitions

