Accelerating the transition to domestic health financing

Summary of the 2nd roundtable discussion

6th February 2026

Partnership for International Politics and Diplomacy for Health

https://globalhealthdiplomacy.se/

The Future of Financing for Health and of Global Health Functions

Against the backdrop of a global health financing crisis, shifting power dynamics within the international financing architecture, and growing momentum around health sovereignty, the *Partnership for International Politics and Diplomacy for Health* is convening a series of informal roundtable discussions on the future of financing for health.

The aim is to create a space for participants to listen, learn and exchange views and ideas on the most promising and urgent reforms and the pathways through which these could be delivered. Each of **three planned roundtables** will focus on different but interrelated aspects of health financing:

1. **ODA in decline – rethinking its role for health**
2. **Accelerating domestic resources for health – what will it really take?**
3. **Financing global functions for health – can we move beyond ODA?**

Summary notes from the 2nd roundtable discussion

The second roundtable focused on identifying actionable, pragmatic strategies and lessons to increase domestic resources for health.

This note summarises the main themes, ideas, concerns and questions raised during the discussion, which centred on two key questions: i) Which approaches could national governments prioritise to both increase domestic resources for health and use available resources more effectively; and ii) What role, if any, can the international community play in this process?

Increasing domestic resources for health is a political choice

Sudden and disruptive cuts to development assistance have intensified the calls for health sovereignty and left countries in urgent need of identifying sources of health financing. Participants noted that ODA cuts cannot be ignored and are unlikely to be overcome in the short term, with emerging data showing that governmental responses have been heterogeneous and, as of now, insufficient to fill funding gaps. A worrying trend is the rise in out-of-pocket payments across the affected countries.

Nevertheless, multiple countries have markedly increased their domestic health spending, including Nigeria, Ghana, Kenya, South Africa, Malawi, Thailand, Indonesia and Peru. Participants stressed that allocating additional budgetary funds to health is a political choice; one that will need to be sustained and increased over time.

Mexico was cited as a less common example of a country where strengthening universal health coverage and community health services was recognised as

beneficial for attracting citizen support in political campaigns, particularly among local politicians.

It was evident that ODA cuts generated shifts in political will. One suggested explanation for this is the greater ability to advocate for health investments in dialogues with the Ministries of Finance now that foreign assistance has declined. In many countries, health had long been perceived as an area funded by aid, disincentivizing political leadership from diverting resources to it from already stretched budgets.

Overall, participants believed that political attention can successfully be directed toward health by linking health investments to more productive societies and highlighting beneficial spillover effects to other sectors.

Policy levers to raise resources for health

Throughout the discussion, taxation was repeatedly mentioned as one of the key approaches to domestic resource mobilisation.

Taxes on unhealthy products, such as tobacco and alcohol, were proposed as a potential strategy for generating revenue while also benefiting population health. However, several participants underscored that ‘sin taxes’ are primarily designed to discourage consumption and therefore largely serve as public health interventions, with relatively limited impact on the overall health budget.

General progressive taxation was considered a more impactful and preferable approach, but one that was far less politically attractive, that is often seemingly sidelined in the current discourse favouring ‘innovative’ financing approaches. Nevertheless, participants believed that taxes, if presented with a compelling narrative and at a right moment, can receive public support. Some also pointed out that ample guidance on effective health financing already exists, and that implementation ultimately depends on the political will. At the core of the conversation, therefore, were not innovative ways to mobilise resources, but innovative ways to increase political will to operationalise the well-known solutions.

Among the key barriers to taxation were the absence of trust in leadership and a lack of observable societal benefits from tax revenues. Simply raising more funds was not seen as a solution if they were not used productively. Participants saw the potential in orienting health systems towards preventive models and ‘producing health, not health services’. This includes producing health by investing in other sectors, such as agriculture, environment and education, with health gains as the expected outcome.

The multi-level challenge of expanding the fiscal space for health

Participants stressed that constrained fiscal space presents a major impediment to domestic financing and that health financing cannot be divorced from broader discussions on state capacity. Investing in overall economic growth and development was therefore seen as vital for expanding the fiscal space for health.

Mounting debt pressures were said to pose critical constraints on fiscal space, with debt servicing obligations sometimes coming at the expense of meeting citizens' needs. Additional barriers included overly permissive conditions for foreign investments; partnerships with private actors that do not always yield optimal outcomes for countries; and the limited fitness of local manufacturing industries.

Debt was viewed as problematic not only in terms of continuous borrowing, but also borrowed funds not contributing to anticipated social and economic benefits. It was noted that most of LMIC debt is held by private creditors. While China was identified as the largest bilateral creditor, it was still less prominent overall compared to multilateral development banks. There were also discussions about potential reluctance to offset debt, particularly due to concerns that relief may be used to repay other creditors, rather than invest in social or economic development.

Overall, it was clear that the transition to domestic health financing must be advanced through action on multiple levels; from addressing debt distress to ensuring that funds available for health, whether external or domestic, are allocated in ways that deliver tangible results.

Conclusions

There is growing recognition that health will not be primarily funded by aid and that domestic resources are increasing in a number of countries. While domestic financing should not be dismissed as aspirational, participants were mindful of being realistic about what it can feasibly achieve in the near-term and how its role may evolve alongside other financing approaches.

Even though governments have responded to funding shocks by increasing national health spending, it remains unclear whether these measures represent a temporary crisis response or a starting point for deeper structural reforms. Ensuring that emergency reallocations translate into sustainable health financing will depend on fully harnessing the untapped potential of national fiscal systems through tax reforms, debt restructuring, and mobilization of sovereign wealth and other domestic capital pools (Image 1).

Participants doubted that the path to sustainable and sovereign health financing will be charted through large, traditional multilateral processes or intergovernmental groups, such as the G20. Rather, they saw potential in small, information coalitions of countries coming together to increase their bargaining power in negotiations and collectively navigating this transition. These 'coalitions of the willing' and ad hoc collaborations were assessed as the most likely mechanisms to drive progress. .

Keeping the conversation going

We look forward to continuing this conversation at the next discussion on 6 March (13.30 CET), which will explore international financing solutions for provision of global public goods, looking beyond ODA. Concept note and guiding questions to follow.

About us

The Partnership for International Politics and Diplomacy for Health is a collaboration between the Stockholm School of Economics and Karolinska Institutet. Our work consists of four complementary and mutually reinforcing work streams: an Executive Program for future health leaders, the Health Diplomacy Institutional Network, focused Research efforts, and Policy engagements.

Our policy work seeks to contribute to the international dialogue on what a reformed international ecosystem for global health could look like. We call this workstream ***Paradigm Shifts for Global Health - Supporting Diplomacy and Policy Pathways.*** This is not a standalone initiative or process, but a means through which we engage as both originators and conveyors of ideas that could potentially assist in paving the way for a reformed international ecosystem for health.

Read more here: https://globalhealthdiplomacy.se/policy-engagements

Image 1:

Slide presented by Kalispo Chalkidou at PMAC 2026, Special Session 3 – Reimagining Alternative and Sustainable Models of Global Health Financing

Image 2:

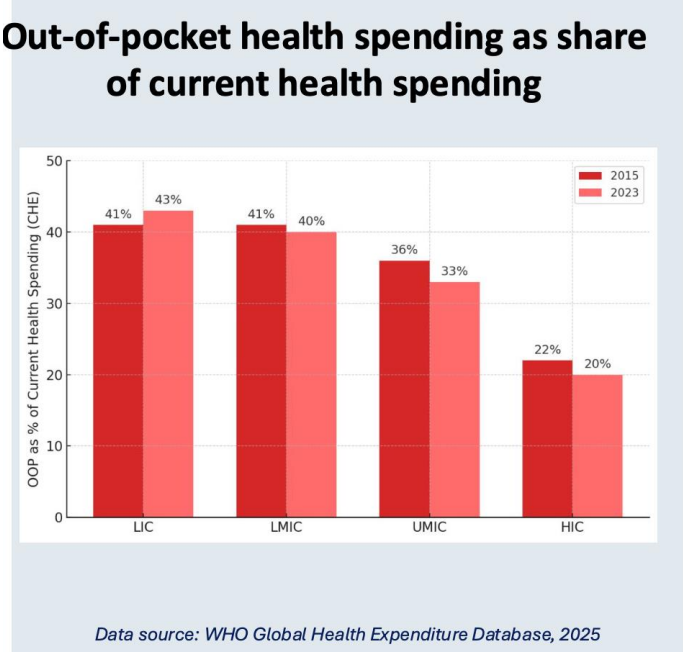
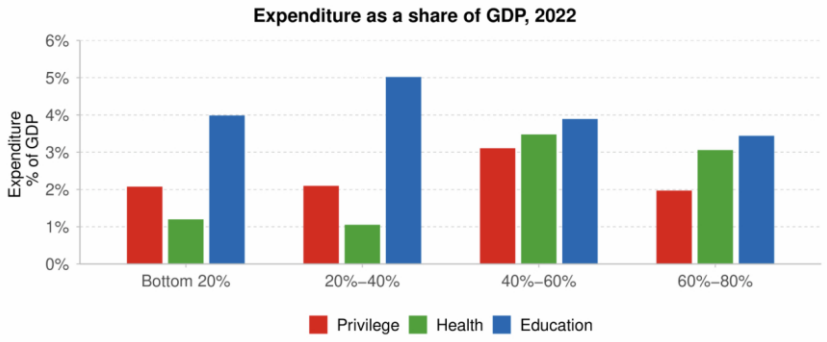


Image 3:

	Fiscal Space	Budget Prioritisation / Political Will	Novel Sources of Finance
What countries can do themselves	• Addressing tax expenditures and improving tax administration (Tax / GDP ratio) • Steps to stimulate growth	• Increase health expenditure • Advocacy to increase domestic demand for health spending.	• Diaspora bonds. • Domestic saving programs
Where advocacy is needed to other actors / processes	• Reducing Cost of Capital • Debt Restructuring • Expanding low cost borrowing from MDBs • Addressing international tax rules, illicit financial flows	• Advocacy to IMF regarding fiscal space and macroeconomic management advice. • AU agreements and norms accompanied by peer reviews.	• Reduce the cost of remittances • Diaspora health insurance programs.

Image 4:

Figure 5.8. Poorer countries can spend less on public services, exacerbating inequality



Interpretation. This figure illustrates the cost of the global "privilege" system for the bottom 80% of the income distribution in 2022. The blue bars represent the share of GDP that each group effectively transfers to the top 20% richest countries through net income outflows (what can be seen as the cost of financing the privilege of the global top 20%). In many cases, these outflows are comparable to or even exceed the public investment these groups can make in health and education. For example, the 20–40% group loses more in privilege outflows than it can allocate to health, a key driver of inequality reduction. This underscores how the bottom 80% bear a significant burden in sustaining global financial hierarchies, often at the expense of investments in their own human capital and exacerbating inequalities. **Sources and series:** Nievas and Sodano (2025).

Image 5

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Resources and links shared during the call

- Responding to the health financing emergency (WHO)
- At a Crossroads: Prospects for Government Health Financing Amidst Declining Aid (The World Bank)
- Out-of-pocket health burden remains high (ONE Data)
- A "Hinge Moment" for Africa's Health Security (ONE Data)
- Why pay tax? African study finds trust in government is key (The Conversation)
- Avoidable pitfalls on the path to health financing self-reliance in low-income and middle-income countries (Barasa et al, BMJ)
- Driving universal health reforms through crises and shocks (Chatham House)
- The Untapped Power of Health Taxes in Sub-Saharan Africa (CGD)
- Shared Responsibilities for Health A Coherent Global Framework for Health Financing (Chatham House)
- Global report on the use of alcohol taxes, 2025 (WHO)
- The Great Reversal (ONE Data)
- Exorbitant Privilege (2026 World Inequality Report)
- Inside Africa's high stakes push for mineral sovereignty (Devex)
- AFC Champions Shift of $4 Trillion in Domestic Savings into Africa's Infrastructure Transformation (Africa Finance Corporation)
- The political economy of taxation (UNU-WIDER)
- Rethinking Aid in a Contested World (Kiel Institute Working Paper)
- Financing for Development Requires International Tax Cooperation (Global Alliance for Tax Justice)
- Private credit rating agencies shape Africa's access to debt. Better oversight is needed (The Conversation)
- Afreximbank terminates relationship with ratings agency Fitch (SEMAFOR)
- Sovereign Debt (ONE Data)