



G20

SOUTH AFRICA 2025



SUMMARY: REPORT ON FINANCING FOR PANDEMIC PREPAREDNESS: ENSURING SUSTAINABLE AND EFFICIENT FUNDING

Background

Under South Africa's G20 Presidency, the Joint Finance Health Task Force (JFHTF) identified as a key priority the improvement of domestic pandemic PPR financing in countries with low levels of domestic health expenditure, within the broader context of health financing and domestic resource mobilisation (Priority 1 of the Work Plan 2025). This emerged in response to the December 2024 WHO report showing 60 countries at severe financing risk, including 23 countries with domestic government health expenditure of less than US\$10 per person per year.

Building on recent analyses of global health financing trends – including the World Health Organization's Global Health Expenditure Database (December 2024), the OECD databases on health expenditure and development finance, and the World Bank's Double shock double recovery series – this report examines PPR financing for countries within the broader context of national health expenditure and development finance for health. It examines both financing gaps and needs, understanding within the context of achieving Universal Health Coverage (ensuring access to populations to essential services) and health security. Addressing domestic resource mobilisation, ensuring sufficient financing for PPR, spending funding effectively and efficiently remain critical priorities. This area was identified as a key focus for the South Africa Presidency, particularly given the sharp decline in global health spending, which disproportionately affects African economies.

This report presents a preliminary estimate of PPR spending and explores the drivers of country level PPR costs; accepting that these analyses should be refined. It identified action to ensure more comprehensive data on expenditures, costs and efficiency as critical to support PPR investment going forward.

Key insights from this report

Over the past two decades, global health sector spending has grown mainly driven by demographic changes, economic growth and increased calls for comprehensive actions against health threats. In G20 economies, this growth has been fuelled mainly by government contributions and private insurance, whereas in low- and middle-income countries it continues to heavily rely on out-of-pocket expenses and external aid, raising concerns about equity and long-term sustainability of healthcare financing. The spending gap is significant, highlighted by a stark contrast between public sector investments per capita; low-income countries average roughly \$9 versus \$2,700 in high-income nations. The costs of achieving UHC is estimated to be around \$100-150 in low-income countries. The approximate required spending for PPR capacity in low-income countries ranges from \$4-17 per capita. Low-income countries invest around \$2-3.5 per person annually, compared to \$19 and \$120 in upper-middle and high-income countries respectively on strengthening PPR capacity.¹ The recent decline in official development assistance (ODA) poses new risks to both the achievement of UHC and global health security.

In light of current fiscal challenges, maximizing the effectiveness of spending is critical, but requires more evidence on efficiency of PPR spending. Expanding domestic resource mobilization is the key to sustainability, maintaining and improving UHC and PPR. Strengthening

¹ Penn, C. et al. (2025), "Smart spending to combat global health threats: Tracking expenditure on prevention, preparedness, and response, and other global public goods for health", *OECD Health Working Papers*, No. 175, OECD Publishing, Paris, <https://doi.org/10.1787/166d7c57-en>.

public financial management and embedding health security and emergency preparedness costed plans within national health strategies and policies are key to establishing robust financing. Domestic health spending is positively linked to improved pandemic PPR capabilities; however, overreliance on out-of-pocket payments risks undermining access to essential services, so ensuring financial protection from health spending is key.

Updates following discussion and comments from G20 Members

The preliminary insights of the analysis were presented during the JFHTF side event on Current Health Financing challenges at the margins of the 2nd G20 Health Working Group Meeting on 28 March 2025, while the draft report on Financing for Pandemic Preparedness was presented and discussed with the memberships at the 2nd JFHTF meeting on 30 May 2025.

We thank G20 members for their comments and for providing further guidance. Following their feedback, the report has been revised and updated to incorporate further analysis attempting to split PPR spending that overlaps with UHC, including measurement of PPR spending within the health sector, and highlight the co-benefits of investments in both areas. It elaborates on the linkages with new mechanisms in the global health financing landscape and international aid architecture reform such as the Pandemic Agreement.

Recommendations

The report highlights the criticality of sustainable health financing for safeguarding progress in pandemic PPR while building stronger, more sustainable health systems. With international aid declining, countries will need to strengthen their capacity to mobilize and invest domestic resources effectively, without impacting health equity. Governments should enhance tax based financing for the health sector, renew commitments to provide sufficient financing for PPR, ensure high quality costed PPR action plans within national health strategies, and strengthen public financial management. Smarter, evidence based PPR spending is essential with resources directed to where they have the greatest impact.

Coordination of development aid with national strategies is equally critical. The report highlights the need for global health initiatives to align with the Lusaka Agenda, ensuring assistance is targeted, transitional, and used to stimulate domestic financing. Innovative approaches such as concessional lending, blended finance, and transitional support can help reduce reliance on grants while protecting national budgets from debt burdens. A gradual shift toward domestic financing is encouraged to foster national ownership and resilience in fragile health systems.

Finally, the report recommends strengthening regional and global collaboration to standardize PPR financing, data collection, and economic assessments. Better tracking of domestic and external health spending, supported by digitalized financial systems, will improve transparency and accountability. At the same time, platforms for shared learning and evidence-based evaluations will help governments identify best investments, improve efficiency, and adapt approaches to local contexts. Such collaboration will enable countries to make better financing decisions and advance global health security together.