

# Bridging Financing Gaps for Pandemic Preparedness

**Multilateral Financing for Pandemic Preparedness**  
**ADB Symposium, July 2025**

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The pandemic, geopolitical crises, donor exits, debt overhang, trade wars...: multiple shocks in the context of **chronic under-investment in health by L/LMIC governments...**

- 35 LMICs, home to over 2.5 bn people, where government health spending (or share in budgets) **declined during the pandemic response and recovery period**
- 42 LMICs **governments** spend **less than 30 USD per capita per year on health**
- 20 LMICs' healthcare system is **predominantly financed by OOP payments**

*WHO, GHED, 2024; WB; country groups non-exclusive*

### Three in four countries suffering ‘severe disruption’ to health after aid cuts, WHO warns

Countries also reported that supplies of medicines had faltered in the wake of dramatic reductions to foreign aid

Emily Warner

Related Topics  
World Health Organisation, Foreign aid, Global Health Security, Donald Trump

10 April 2025 6:38pm BST



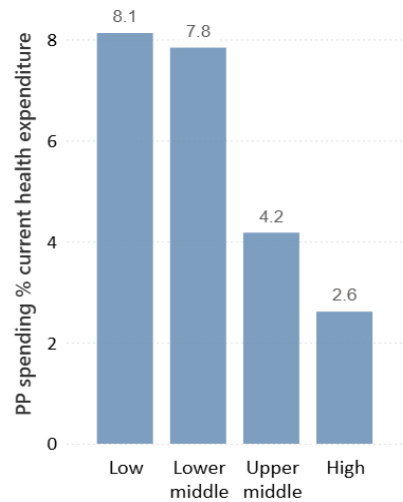
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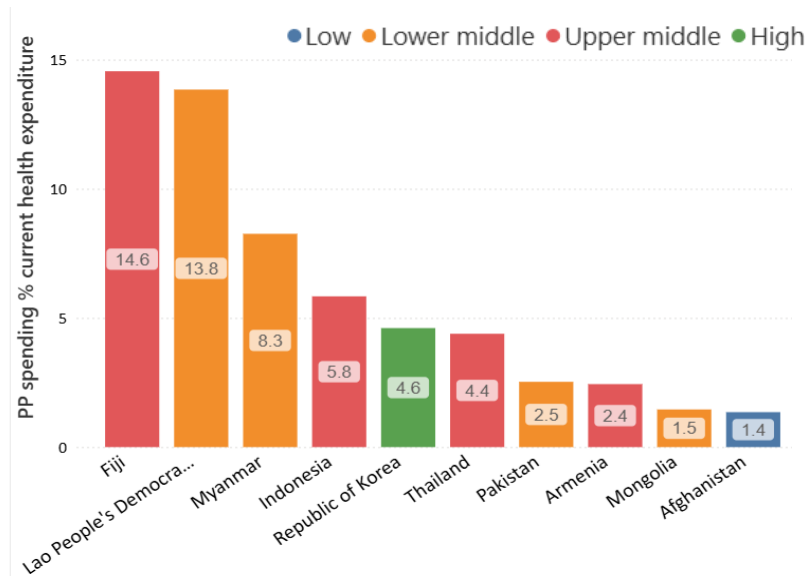
The WHO's Director General said the organisation was accelerating its efforts to wean countries off foreign aid Credit: JOHN MACDOUGALL/AFP

# PP expenditure as a share of total health spending, 2022

Global average with data available

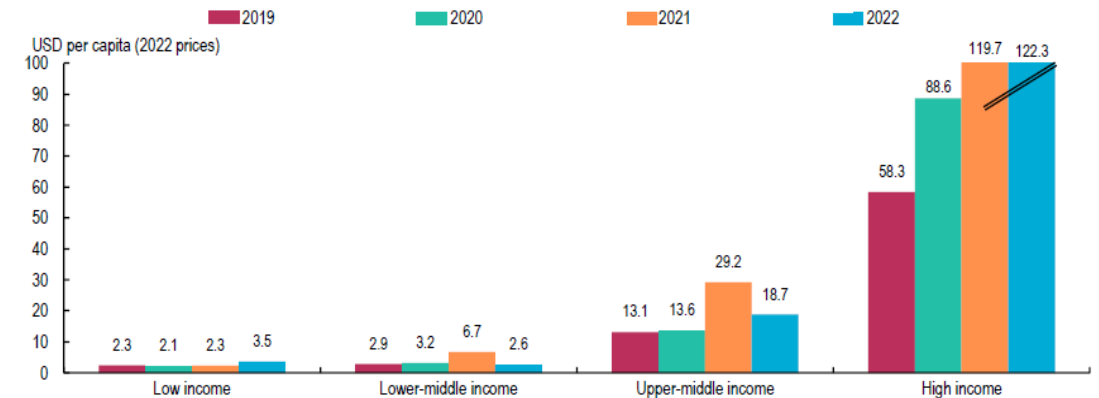


ADB members with data available



Per capita spending on pandemic preparedness, (constant prices 2022)

Total spending on PPR, per capita, constant prices

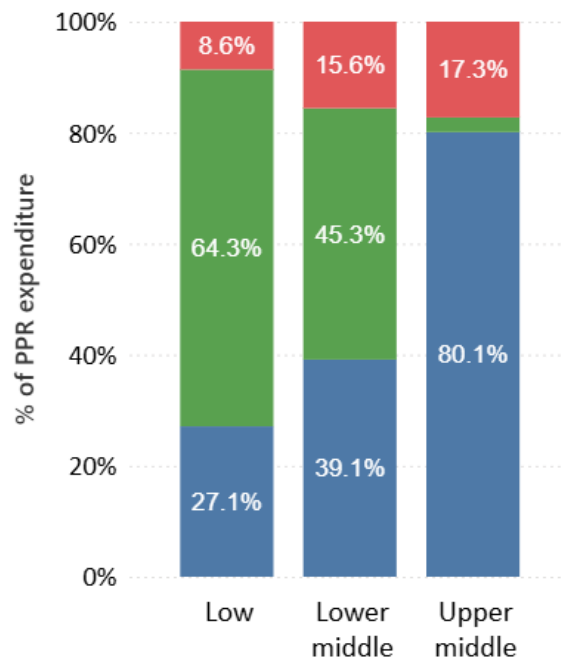


Source: WHO Global Health Expenditure Database

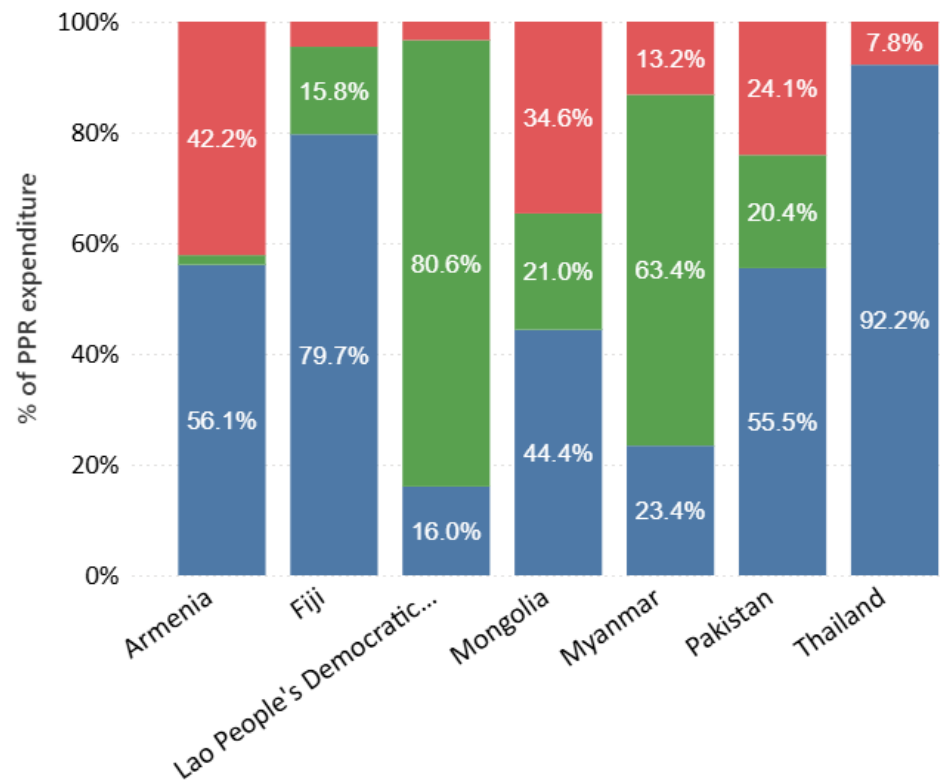
- In 2022, spending on PPR accounted, on average across countries, for almost 10% of health expenditure in LICs and 8% in LMICs. Similar patterns can be observed in terms of PPR spend within the overall economy, with LICs allocating 0.65% of GDP to PPR, compared to 0.42% in lower-middle income countries and around 0.2% of GDP in upper-middle and high-income countries.
- HICs spent over 30 times more pc on PP compared to LICs, with a significant increase in 2021 when COVID-19 vaccines were made available and a gradual decrease from 2022 onwards
- **NB:** Not all additional; some overlap with UHC spend

# External financing: main PPR funding source in L/LMICs

Global average with data available



ADB members with data available



- In 2022, external PPR spend accounted for 64.3% of PPR spending in LICs, with domestic governments covering 27.1% of PPR spending and domestic private sources the remaining 8.6%, on average.
- In LMICs, external sources accounted for 45.3% of PPR spending, with domestic governments funding 39.1% and domestic private sources 15.6%, on average. (2022)
- Much greater dependency than for overall health sector.

# PPR may be crowding out HSS financing?

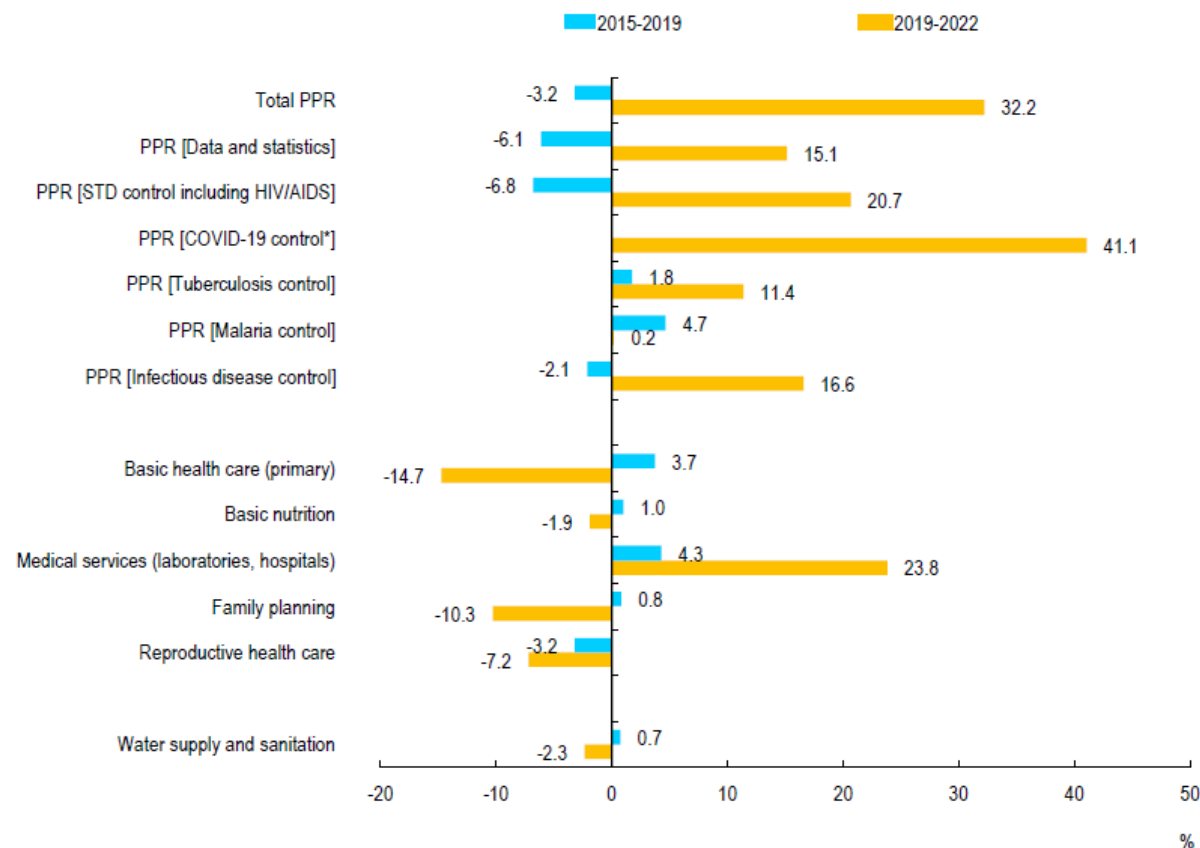
The increase in ODA for health during 2020–2022 was primarily driven by PPR.

- PPR **surged** by an average of 32.3% pa
- labs, specialised clinics, and hospitals **grew** by 25%
- basic and primary healthcare, nursing care **dropped** by over USD1 bn or 15% pa
- water supply and sanitation **dropped** by 500m or 2% pa on average
- basic nutrition (targeted feeding programs) **fell** by nearly 2%
- family planning and reproductive health **fell** by over 10% and 7% respectively

NB: Relabelling, overlap with Vx, PHC, C19 \$ included

Figure 3.15. ODA was quick to shift priorities towards the emergency response to the pandemic

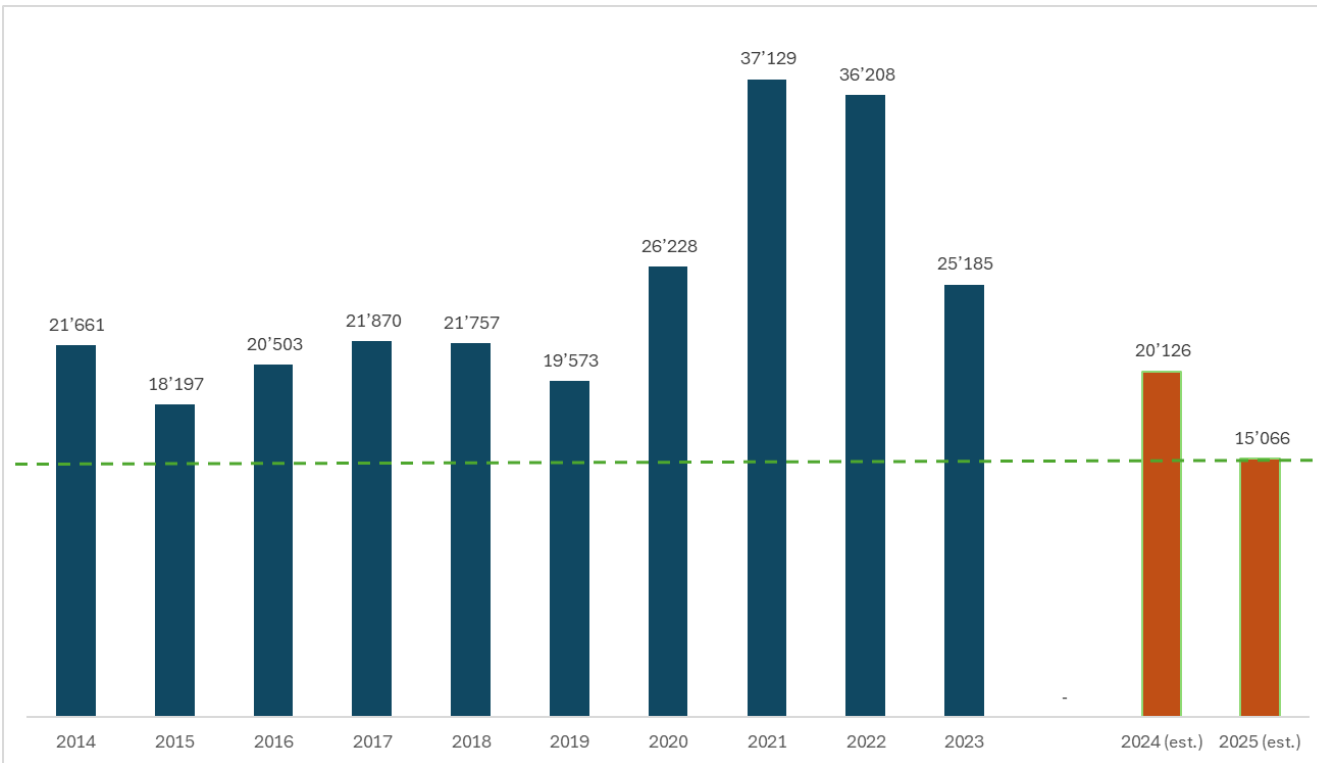
Average annual % change in ODA disbursements, 2015-2019 and 2019-2022



Caroline Penn, David Morgan, Yasmin Ahmad, Kerri Elgar, and Chris James: Smart spending to combat global health Threats. OECD Health Working Papers No. 175

# Health aid is projected to decline by **35-40%** in 2025 compared to the 2023 baseline, wiping **10bn USD** off the last ten-year average

Global health aid trends, OECD DAC members, in constant million US\$ (2014-2025)



Eleven OECD DAC members announced in Q12025 reductions in aid-related budgets for 2025 (Australia, Belgium, Canada, France, Germany, Netherlands, Spain, Sweden, Switzerland, the United Kingdom, the United States, along with EU institutions).

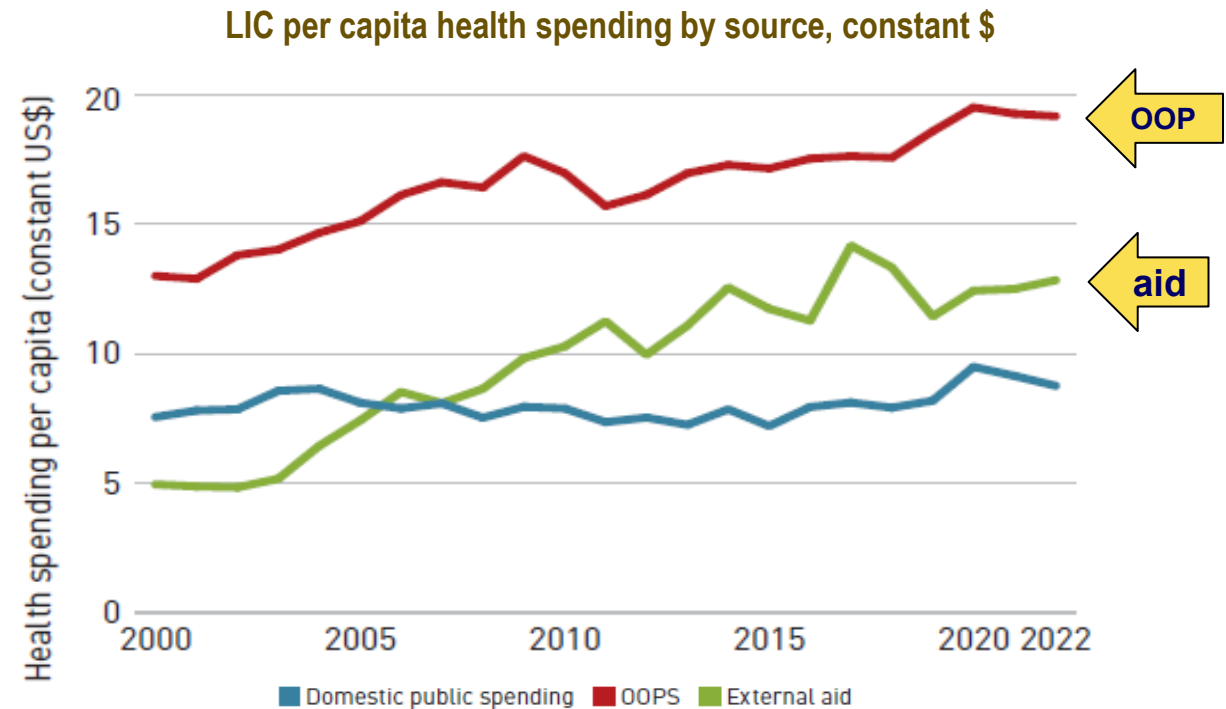
2025 health aid significantly below its average over the past decade (US\$ 24.8 billion from 2014-2023) and below its lowest level in the past decade (US\$ 18.2 billion in 2015).

Source: WHO calculations based on OECD-DAC and SEEK-development, Apr 2025



# The chronic underinvestment in health systems by LMICs makes them more vulnerable to the multiple shocks

- In LICs, per capita external aid surpassed domestic public spending on health after 2006-7 (31% vs 22% in 2022).
- In 2022, OOP on health rose in LICs/MICs
- OOP made up over 40% of total health spending in LICs and LMICs and remains the main financing scheme in 30 countries; in 20 of these, OOP accounted for more than half of total health spending.



Note: Voluntary prepayment and other funding sources are not shown because they are very small  
Data source: WHO Global Health Expenditure Database, 2024.

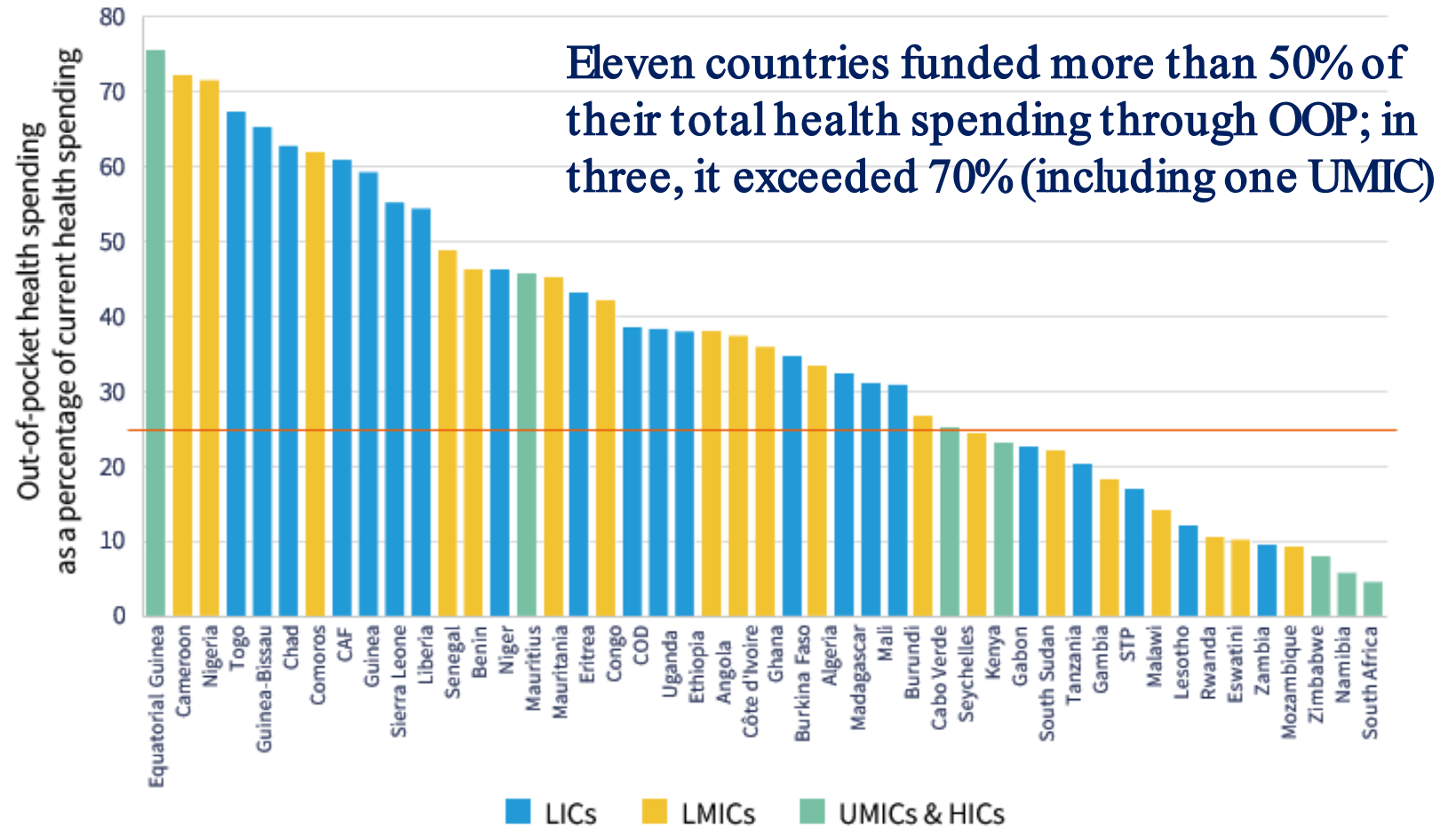




Fig. 1. Out-of-pocket health spending as a share of current health spending by country, 2019

In the African region Out-of-pocket (OOP)\* health spending poses a serious sustainability risk in PPR and health systems financing esp. in the poorest nations where most of the outbreaks occur

\*OOP includes formal and informal expenses directly related to the cost of seeking care; it excludes prepayments and reimbursement of the household by a third party



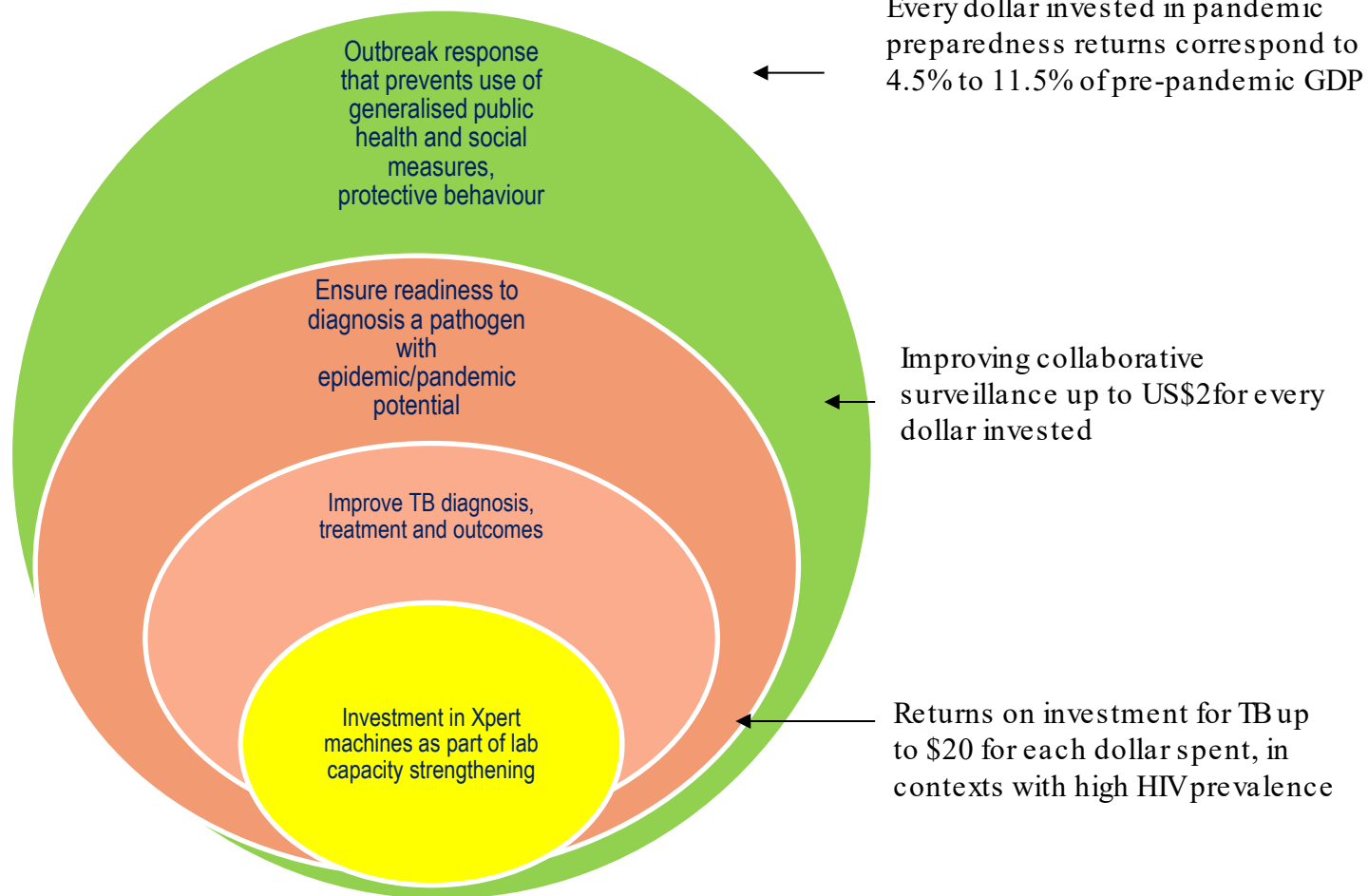
CAF: Central African Republic; Congo: Republic of the Congo; COD: Democratic Republic of the Congo; Tanzania: United Republic of Tanzania; STP: Sao Tome and Principe; LICs: low-income countries; LMICs: low-middle income countries; UMICs & HICs: high and upper-middle income countries.

Notes: data available for 47 countries. See also Annex 1 and annex Table A1.1

Source: WHO Global Health Expenditure Database, 2023 (2)



# PPR and UHC investment co-benefits through progressive realisation (of both!)



- UHC costs between US\$100 to 150 per capita.
- PPR accounts for approximately US\$5 (3%) of optimal UHC spend, plus an additional US\$5 spend. BUT...

- Compared to current (suboptimal) spending in LICs PPR may cost 60% all domestic public spending on health

SO...

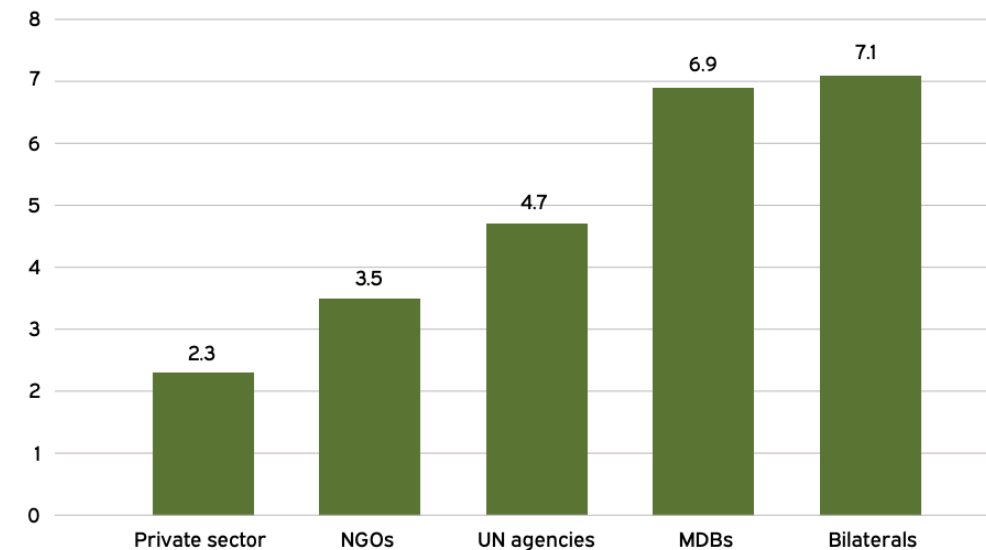
- Co-benefits: invest in interventions that benefit both endemic disease and PPR have co-benefits
- Fund the health sector for the exceptional economic returns of PPR (to protect against trade-offs)
- Efficiency gains from integration (through technical efficiency)

# Concessional financing needed!

- High volumes of highly concessional, well-targeted, financing of the right type:
  - “greater flows of productive long-term capital, the kind that will contribute to rising living standards and a more shared prosperity...” Jubilee Report, June 2025
  - “a strategic reframing of blended finance as a targeted tool...that prioritises structural transformation, builds productive capacities, and generates long-term public value” Mind the Value, Not the Gap, Mazzucato, June 2025
- Blend vertical funds’ grants and loans at scale, through dedicated geography, intervention, theme-specific facilities, hardwired into health funds’ replenishment process (now!).
- First, do not harm: transitioning financing by design to crowd-in (not crowd-out) domestic funds

## Vertical Climate and Environmental Funds Leverage ratios

Figure 4.4: Co-financing to VCEF commitment ratios by implementing entity (USD)

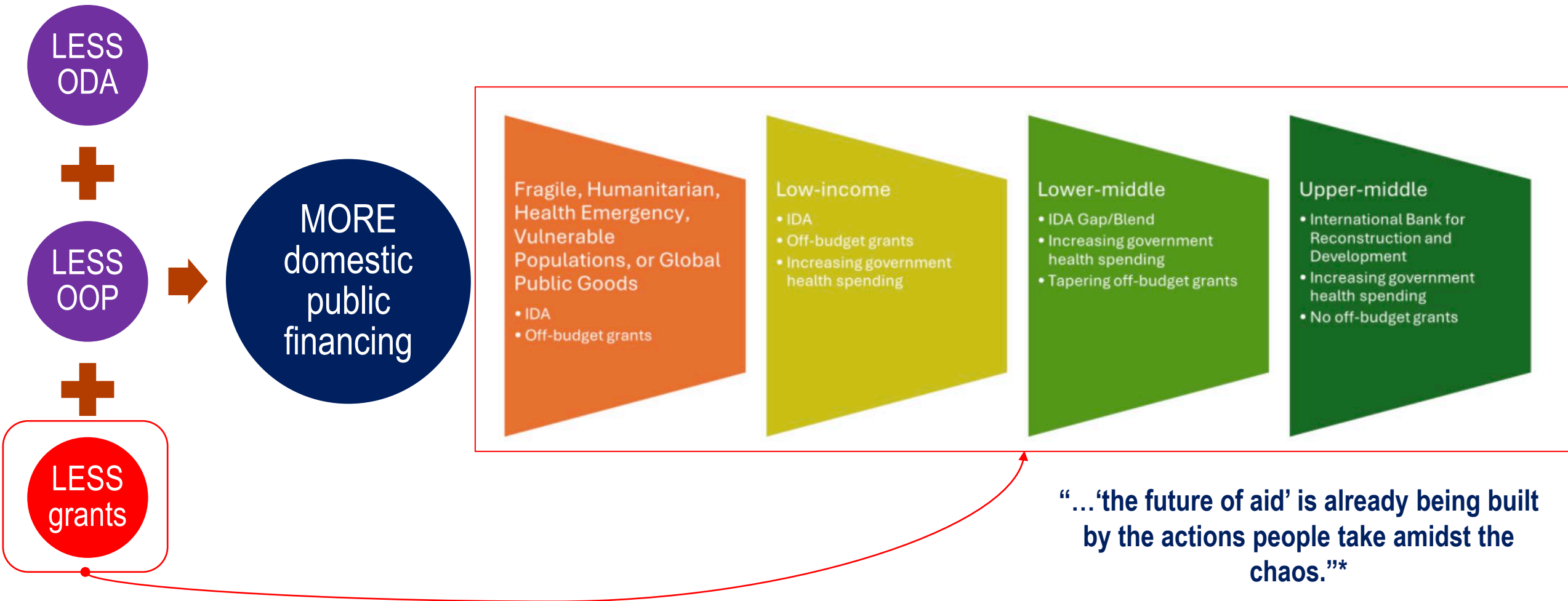


Source: Center for Global Development (2023). Note: Chart includes cumulative data from GEF, GCF, and CIF through each Fund's lifetime, not just the past five years.

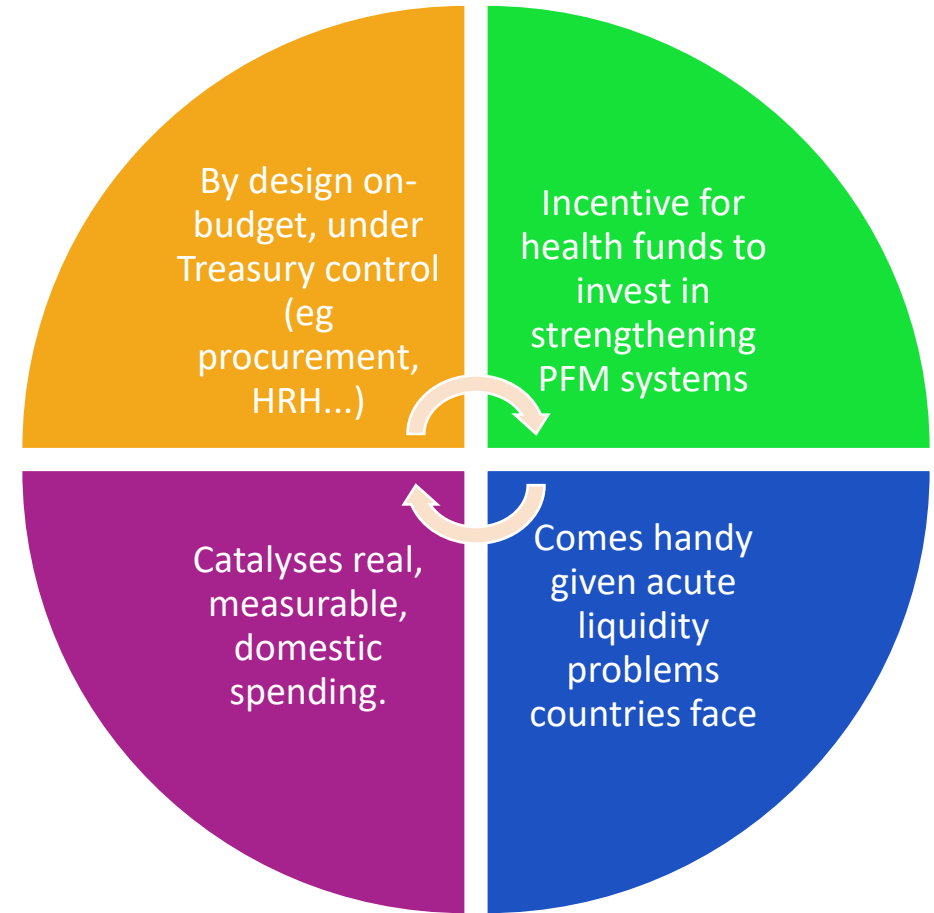
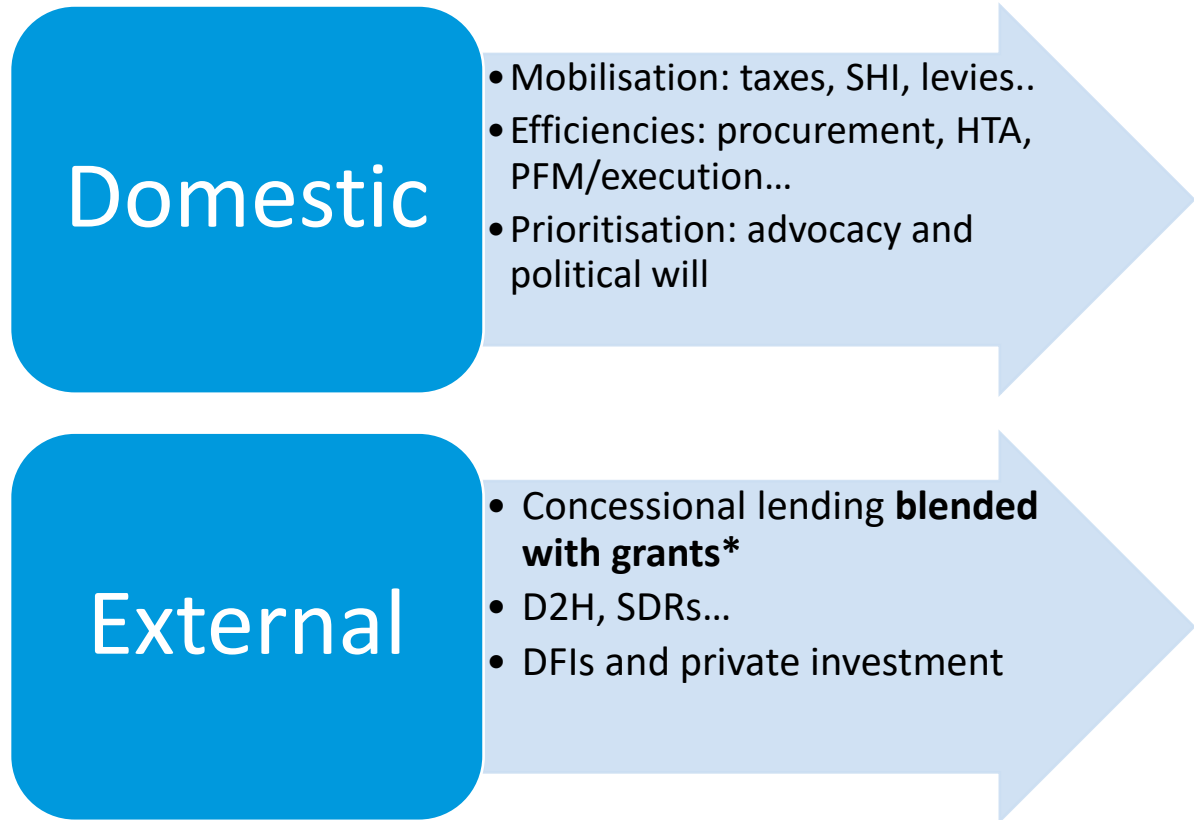
October 2024

<https://g20sfwg.org/wp-content/uploads/2024/10/G20-IHLEG-VCEF-Review.pdf>

# The third health financing transition through the right financing incentives



# The end goal: sound domestic policies coupled with good value well targeted external flows



**\*Why blending grants with loans is a good idea**



# Guarantees: an underused tool

**IFFEd**

**WORLD BANK GROUP**  
Guarantees | MIGA

**IFFIm**  
Supporting Gavi,  
The Vaccine Alliance

Partial/Full Credit Guarantee for Loans

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Partial Credit Guarantee for Bonds

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Unfunded Risk Participation

[Read More](#)

Risk-Sharing Facility

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Significant Risk Transfer

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Non-Honoring of Public Debt

[Case Study](#) [Read More](#)

Policy-Based Guarantee

[Case Study](#) [Read More](#)

Project-Based Loan Guarantee for Public Sector Projects

[Case Study](#) [Read More](#)

**ADB**  
Solving Complex Challenges Together

WHO WE

## IF-CAP: Innovative Finance Facility for Climate in Asia and the Pacific

ADB is taking a leading role in developing more innovative climate financing solutions to help the region combat climate change.

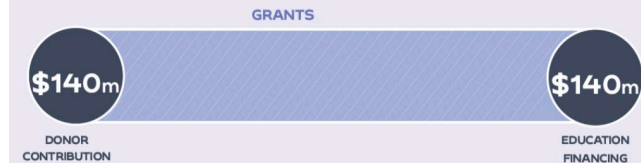
## Vaccine Bonds supporting immunisation

[Read More](#)

### Getting to \$1 billion

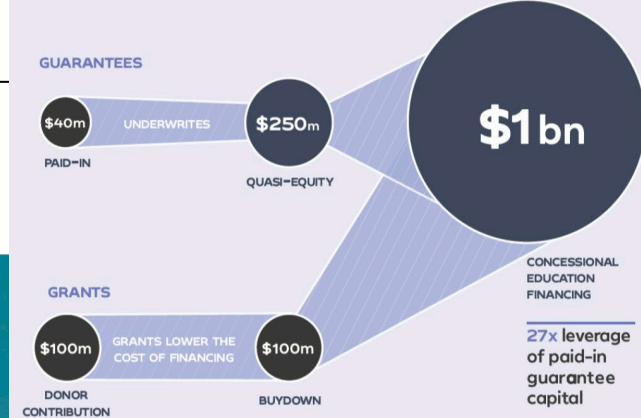
\$140m cash contribution produces \$1bn of affordable finance

#### Traditional Model



Traditional grant aid yields \$140 million of education investment for every \$140 million of donor investment.

#### International Finance Facility for Education



Under IFFEd, the same \$140 million generates \$1 billion of concessional financing for countries: \$40 million paid-in cash (as part of a \$250 million guarantee) together with \$100 million in grants lower the cost of \$1 billion in education financing for partner countries.

**Gavi**  
The Vaccine Alliance



National declaration of HPV Immunisation Indonesia  
Credit: UNICEF/2023/Dwi Prasetya

Partnering with multilateral development banks to build sustainable immunisation systems



# Promising start, in search of scale...



Using SDRs through MDBs and through IMF's RSF

Debt to health, education, environment swaps using SDRs and MDB guarantees (eg CIV swap; FFD WB Hub)

Pandemic Fund, a leverage success story: co-financing and co-investment – over 1:7 leverage



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## Spain and World Bank in push for wider use of 'debt swaps'

By David Latona and Virginia Furness

July 1, 2025 11:43 PM GMT+2 · Updated July 1, 2025



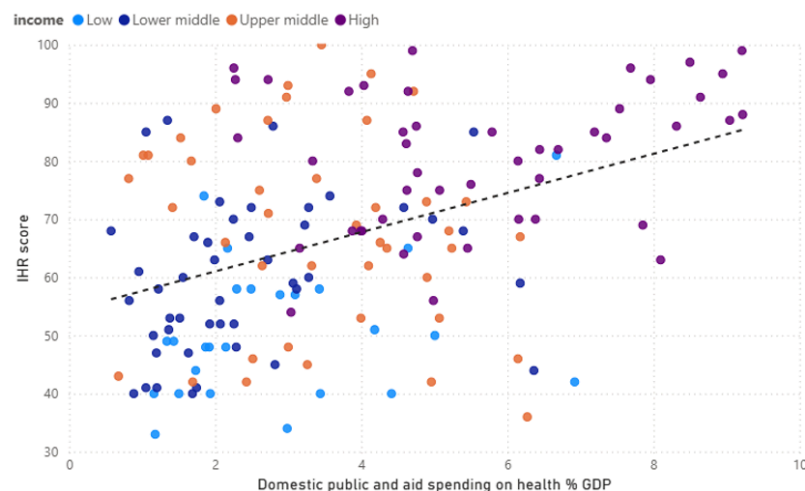
4 July 2025 | Departmental update | Reading time: 1 min (399 words)



# Domestic funding: the heart of PPR financing

- Sustainability hinges on domestic public financing

IHR scores vs domestic public spending and aid on health (%GDP)



Note: IHR scores are from 2022, while domestic public and aid spending on health as a share of GDP is taken from 2019 to account for the time lag in capacity improvements and to avoid distortions caused by pandemic-related spending fluctuations. Source: Global Health Expenditure Database, 2024. IHR States Parties Self-Assessment scores.

• Strengthen tax collection and admin to increase domestic resources for health and PPR

• Position health and PPR as strategic investments in national budgets to ensure sustained and adequate funding.

Revenue mobilisation

Budget prioritisation

Debt management

Public financial management

• Restructure debt obligations and expand access to concessional financing to create fiscal space for PPR.

• Enhance the effectiveness of PFM systems to fully execute allocated budgets and maximise PPR impact.

Source: Report on financing for pandemic preparedness: ensuring sustainable and efficient funding, WHO/OECD/WB, G20 South Africa (draft May 2025)

# Money alone not enough...the “plumbing” must work too

- Australia’s Programme Budget
- IMF RSF Health Reform Measures
- Ethiopia and Kenya’s dual climate/disaster budget tagging
- Philippines’ cross-sectoral budgeting

## Health Portfolio Outcomes

### Outcome 5. Regulation, Safety and Protection

*Protection of the health and safety of the Australian community and preparedness to respond to national health emergencies and risks, including through immunizations, initiative, and regulation of therapeutic goods, chemicals, gene technology, and blood and organ products*

Key Output		Output Indicator
<b>Program 5.2</b> Health Protection and Emergency Response	Providing national direction to minimize the spread of Antimicrobial Resistance (AMR)	<ul style="list-style-type: none"><li>• Implementation of programs that support the National AMR Strategy</li><li>• Development of National AMR Strategy in partnership with the Department of Agriculture and Water Resources</li></ul>
	Providing an effective response to national health	<ul style="list-style-type: none"><li>• Continue to improve ability to prevent, detect and rapidly</li></ul>

### Pillar III: Pandemic Preparedness

**RM5.** MOH to adopt and issue instructions mandating the implementation of an emergency-ready health benefits package, which establishes the policy and service delivery frameworks necessary to ensure an emergency ready and resilient health system and mandates a minimum set of health services, in line with WHO recommendations, to be available during public health emergencies.

**RM6.** MOF to clarify and codify, through the issuance of an addendum to the Budget Manual, the procedures for the potential finance sources and their use, including the use of contingency funds, re-prioritizing existing spending, and the use of other alternative financing and funding instruments for public health emergencies, as well as triggers, institutional responsibilities for the activation, disbursement, and oversight of public health emergency-related spending, in consultation with Fund staff.

**RM10.** Cabinet to adopt a national pandemic preparedness governance and accountability framework, via a Cabinet decree, that defines roles and responsibilities across government entities (from strategic decision-makers to central government to operational implementation), particularly between the Ministry of Health, JCDC and other agencies.

**RM13.** MOF to issue data reporting templates and changes to the budget manual and mandate quarterly monitoring and reporting to the Cabinet and to the public of health emergency spending to strengthen decision-making during public health emergencies as well as the assessment of the spending afterwards. The templates and manuals will also support reporting on both on- and off-budget emergency spending (including of any contributions from donors and philanthropies channeled through the budget or extra-budgetary funds).

TABLE 3. Relevant excerpt from the Australia 2017-2018 Portfolio Budget Statement.

# Role for WHO: norm setting, leadership, convening (i)

## Pandemic Treaty and amended IHR PPR Coordinating Financing Mechanism

- ✓ Scope out mechanism at COPs
- ✓ Strengthen PPR capacities
- ✓ Coordinate/mobilise/track PPR Financing

## “Health Bond Principles”: a taxonomy for investing in health

- ✓ Health investment framework to define “health-positive” initiatives
- ✓ Library of DLIs/PBL indicators for health and health/climate investment

## G20 JHFTF; ASEAN Joint Health & Finance Taskforce

- ✓ Technical lead with WB/MDBs, OECD, Africa CDC on PPR and health systems financing report
- ✓ FEVR operationalisation
- ✓ Routinise and report PPR financing flows
- ✓ Converge PPR metrics

# Role for WHO: global public goods (ii)

## Tools for targeting domestic, MDB, private investment: WHO INVEST/CHOICE

- ✓ Best Buys to inform HBP design and commodity procurement
- ✓ Whole system investment cases
- ✓ Costing databases to inform joint epi and economic modelling

## Data flows and analytics with OECD and MDB partners

- ✓ Country support for institutionalisation of health expenditure tracking
- ✓ Global cooperation in PP flow tracking within CRS
- ✓ Digital/AI to track and analyse real time at global and national levels incl via tagging and IFMIS integration
- ✓ Develop norms on multisectoral flows incl agriculture, education, animal health...

## New Gen Domestic Public Finance

- ✓ Renewed budget compact for health
- ✓ Agile PFM through Montreux Collaborative (1-4 Dec meeting)
- ✓ Support to debt management/restructuring
- ✓ Facilitated access to concessional funding (eg IMF RSF)

# Role for WHO: technical assistance (iii)

## HF emergency response

- ✓ Coordination of donor response
- ✓ MOH advocacy and convening
- ✓ Technical support at country level to manage donor exits; maintain critical financing incl on PPR
- ✓ Programmatic support with GHIs to prioritise ATM interventions (emergency guidance/ HIV intervention list)

## Health Impact Investment Platform with EIB, IsDB, AfDB...

- ✓ Investment plans to pull investment towards PHC
- ✓ Increased concessionality of spend
- ✓ Discussion on HIIP+ guarantee...

## WHO – WB Japan UHC Hub

- ✓ Capacity building through peer-to-peer hands-on engagement between MOF and MOH cadre
- ✓ UHC Forum in Tokyo
- ✓ Joint work at country level on HF reforms

# WHO 7 Policy Recommendations: Integrate to Sustain

Policy 1. Leverage the current response to strengthen both pandemic preparedness and health systems.

Policy 2. Invest in essential public health functions including those needed for all-hazards emergency risk management.

Policy 3. Build a strong primary health care foundation.

Policy 4. Invest in institutionalized mechanisms for whole-of-society engagement.

Policy 5. Create and promote enabling environments for research, innovation and learning.

Policy 6. Increase domestic and global investment in health system foundations and all-hazards emergency risk management.

Policy 7. Address pre-existing inequities and the disproportionate impact of COVID-19 on marginalized and vulnerable populations.



WHO POSITION PAPER

**Building health systems  
resilience for universal  
health coverage and  
health security  
during the COVID-19  
pandemic and  
beyond**





## The Sevilla Commitment: A vital step to rebuild trust in global cooperation

