March 4th, 2025
DRAFT for Discussion

From Crisis to Resilience:
Rapidly responding to US aid cuts and transitioning programs to domestic ownership

The Challenge

The sudden termination of nearly all (90%) of USAID foreign assistance contracts, following a 90-day freeze on all US foreign aid, will have far-reaching consequences. This crisis is unfolding alongside broader declines in Official Development Assistance (ODA), with countries such as the U.K., France and Germany also announcing significant future reductions in their foreign aid commitments.

It is becoming increasingly clear that disruptions are not just temporary setbacks. The significant reduction in U.S. government funding, which represents more than $12 billion annually in global health assistance, combined with the broader trend of ODA retrenchment, suggests a longer-term trend. This affects critical areas from HIV and malaria to maternal and child health, and it has the potential to overwhelm national health systems that have often relied on USG-funded, US-based NGOs to deliver these services.

Without urgent action to mitigate these funding gaps, decades of progress in global health are at risk and lives will be lost. While some governments, partners and the private sector will step in, this will take time. The sudden loss of funding will lead to service disruptions, increased financial burden on patients, and people dying from entirely preventable causes. The end of US global health funding would cause hundreds of thousands of preventable deaths annually. For example:

1. **HIV** – If the President's Emergency Plan for AIDS Relief (PEPFAR) is eliminated, 20M+ people living with HIV will lose access to services and 4M+ people will lose access to treatment.[1]
2. **Malaria** – If the President's Malaria Initiative (PMI) is eliminated, there will be 15M additional cases and >100K additional deaths annually, with nearly all mortality in young children.[2]
3. **Women's Health** – If US funding is eliminated, 48M women and couples will be left without contraceptive care, resulting in 17M unintended pregnancies and the loss of 34,000 women and girls from pregnancy-related deaths annually.[3]

This crisis presents an opportunity for countries to build a fundamentally more efficient, effective and sustainable health system – accelerating the transition away from a reliance on foreign aid. The reality is that while U.S.-funded programs have been highly impactful overall, inefficiencies existed. Funding allocations were often driven by politics rather than epidemiological need, millions were spent on supply chains without ensuring reliable drug availability, and parallel systems were built instead of strengthening local public and private sectors. There is a need to improve efficiency, strengthen national systems and integrate services into these systems, and mobilize sustainable financing.

In response to government requests, CHAI is seeking urgent funding to support governments in saving lives in the short-term, while rebuilding for sustainability. This support will primarily be delivered through technical assistance, often in the form of "**Technical Support Units" (TSUs), embedded in Ministries of Health.** TSUs are agile rapid response teams that help leaders collect and use evidence to make decisions, ensure these decisions are implemented and course correct as needed; acting as a "control tower" across multiple departments or agencies. CHAI has experience deploying such technical assistance to navigate periods of massive change and uncertainty, from national reforms to disease outbreaks.

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[1] CHAI analysis and PEPFAR Fact Sheet (Dec 2024)
[2] CHAI & Malaria Atlas Project
[3] Guttmacher Institute (based on 2024 funding and targets)

The Opportunity

1. Rapid Response to Save Lives Now

In the short term, we will work with each government on three areas: (i) gap identification, (ii) reprogramming, and (iii) gap filling.

a. Gap Identification – Rapid Budget Mapping and Reprioritization

CHAI is working directly with ministers of health in their engagements with ministries of finance and heads of state, alongside external funders and partners to rapidly identify, quantify, and prioritize critical funding gaps – including shortages in health worker salaries, essential commodities and supplies, as well as gaps in infrastructure and operations. We are leveraging our existing platform of work, which includes annual sector-wide resource tracking (collecting budget data for aid coordination), health workforce planning and commodity forecasting and supply chain management. This will be followed by prioritization of gaps to identify areas of highest risk, based on the best available cost-effectiveness and epidemiological data.

For example, in Nigeria, CHAI recently completed a resource tracking analysis with the Minister of Health, which projected a $480M funding gap for the health sector this year. The Nigerian Senate then approved an emergency $200M increase to the 2025 national health budget to mitigate the impact of the funding gaps and service disruptions because of USG policies. CHAI's technical assistance will include prioritization of key gaps for this funding.

b. Reprogramming – Maximizing Existing Resources

Governments must urgently reassess and reallocate available resources to prevent service disruptions. CHAI will work with the ministries of health to reduce gaps by finding efficiencies and then identify funding sources (e.g., domestic budgets, Global Fund allocations), that can be reprogrammed to cover the most urgent gaps. We will support governments in navigating complex reprogramming processes and directing resources where they are needed most.

CHAI has extensive experience tracking and aligning external funding with national priorities, having worked with 16 governments to secure and allocate over $4B in Global Fund resources in successive rounds of funding. Since the US foreign aid freeze, CHAI has been working with governments including in Cambodia to propose to reprogram available savings on Global Fund grants to fill malaria prevention and treatment gaps. While initially there has been hesitancy from funders to reprogram around the USG funding freeze; in the coming weeks, we anticipate an increased need for this reprogramming, particularly where a funder such as Global Fund paid for treatment and USG paid for complementary salaries or testing needed to deliver this treatment.

c. Gap-filling – Mobilizing Resources to Address Life-Saving Gaps

While some funding gaps will be addressed through reprogramming and efficiency gains, there are many that require additional gap filling to prevent devastating health consequences. CHAI is working with governments and funders to mobilize targeted resources for high-impact, cost-effective opportunities that will have an outsized impact in preventing large-scale disruptions. Key priorities include investments required for utilizing commodities already procured for disease detection and treatment to avert emerging diseases, for near-term continued accessibility of treatment, and for adapting programs to run more efficiently or with fewer resources.

We are seeing a wide range of cases where infrastructure has been paid for but core operations are missing, or where commodities or supplies have been paid for, but they are stalled at the last mile—

without funding for essential distribution or logistics activities. Without a small amount of funding to unblock them, they will be left expiring at ports or in warehouses. For example, the US had already procured necessary drugs for seasonal malaria chemoprevention campaigns in 11 countries. In Cameroon, CHAI could work with the government to host a campaign microplanning meeting for $38 K which would keep a $3.6 M campaign from stalling before the rainy season when children will be at risk of suffering unnecessary illness and death. Similarly, in the oxygen space, $500 M in oxygen-related infrastructure has been installed in recent years since COVID-19. However, USG purchases of oxygen have halted and this infrastructure will go underutilized or unfinished. In Eswatini, Zambia and Lesotho, a cumulative $70K per month could ensure oxygen access for 11,500 patients in need.

2. Rebuilding Sustainable Health Systems

Gap filling measures will save lives in the short term but cannot replace the scale of USG funding. **The crisis presents an opportunity to rethink global health financing and service delivery, shifting away from a dependency on external aid toward more efficient, integrated, and sustainable national systems**. In Nigeria, for example, following our initial work on gap analysis, CHAI has been asked to create a TSU to work with the government on optimizing service delivery and maximizing efficiencies, planning for health workforce redistribution and absorption on public payroll, addressing commodity security and data systems harmonization, and working towards sustainability.

Maximize Efficiency: The urgency of this crisis and limited resources presents a unique opportunity to test optimized and more efficient service delivery models. **Rather than replacing USG funding, CHAI will work with governments to ensure that resources are allocated where they can save more lives at a lower cost.** Allocative efficiency analyses will help prioritize interventions and in the most cost-effective locations. Additionally, CHAI will assess how best to deliver these interventions in ways that reduce costs without compromising impact. For example, in its role as close partner to Cameroon's National Malaria Control Program, CHAI is not only looking to fill a gap by ensuring the seasonal malaria chemoprevention could still occur in 2025 but also looking to do so in an optimized manner. So far, we have identified 30% in potential cost savings that could be achieved, enabling the campaign previously budgeted at $3.6M to be completed for $2.6M. We believe similar efficiencies will be possible across most programs, though we will need to analyze each budget in partnership with the relevant governmental malaria programs to ensure cost-cutting efforts do not come at the expense of the impact of the programs.

Integrate Health Systems: USG-funded programs have historically relied heavily on American NGOs, often operating outside national health systems with high overhead rates and salaries. The transition of foreign assistance with all its strings attached represents an opportunity to support local ownership, **creating efficiencies by shifting away from international organizations, integrating parallel systems, and working across disease areas.** In the days since the announcements of USG cuts, governments including Malawi and Uganda have put out circulars to partners that insist partner-recruited and paid health workers deliver integrated services, and the government will provide core systems for data and supply chain. CHAI will conduct technical assistance to governments in implementing such changes, working with the leadership across Ministries to plan for which interventions will be prioritized and financed or implemented by governments and the private sector, and what investments will be needed to ensure same or better outcomes.

PEPFAR alone trained and supported 190,000+ healthcare workers globally. In Malawi, for example, PEPFAR funded nearly all HIV related training and staff for diagnosing HIV off payroll, and these trainings and payments have now been halted. Where CHAI has worked with governments to transition training and mentoring programs to local institutions, we have seen significant efficiency gains and benefits as

personnel are equipped to provide wholistic care outside of one disease area. In Ethiopia, CHAI worked with the Government to transition clinical mentoring from international implementing partners to local universities and government agencies. The cost of the program was previously over $100 per patient on treatment and $40M in total each year, and this transition saved $15M per year after investments required in local institutions.

There can also be savings through integration across program areas. CHAI is working with governments integrating campaigns in malaria, neglected tropical diseases, vaccines, and Vitamin A to hire the same workers, use a common digital platform, and leverage the same population data across campaigns to improve outcomes for children under 5, cost-effectiveness and efficiency. In Benin, CHAI worked on digitization of health campaigns for malaria, which reduced costs by 1.5 times, and enabled integration through use of geo-registries, which in turn allows for more efficient cross-sector deployment.

Mobilize Sustainable Health Financing: The goal of every government supported through this work will be financial sustainability, ensuring that health systems are owned, funded, and managed by governments, reducing reliance on unpredictable donor support. This is no easy task, and we acknowledge that for many governments, complete sustainability will take years. But in every country, there are initial steps that can be taken to begin this transformation.

While some countries such as Nigeria have already started to step in with emergency funding, domestic resources alone will not be enough in the short term, and there will be a role for additional financing from development banks, private sector, donors, and other sources. CHAI's technical support units can support by developing financial projections that demonstrate how investments from external sources will be combined with and then completely replaced by domestic financing and then working to close projected resource gaps.

We will use these plans to make the case to increase health budgets while improving efficiency in health spending. Many countries currently underspend on domestic health budgets by 15%. CHAI is working to address chronic underspend, including by leveraging new digital approaches. CHAI has also worked with governments to mobilize resources for and put in place or strengthen pre-payment systems to protect the most vulnerable from user fees that they can't afford including in Ethiopia, Rwanda, and Nigeria. These pre-payment reforms enable governments to efficiently engage the private sector which will be needed now more than ever to expand health systems capacity in many countries. CHAI is also currently scoping renewed appetite for instruments such as debt to health swaps that can secure long-term, effectively earmarked funding for health.

Together with increased government financing, there are significant opportunities to secure additional funding from development banks and use limited grant funding to de-risk private sector participation that was previously crowded out by development assistance. The specific financing strategy will be tailored to the country and gap.

Why CHAI

CHAI is uniquely positioned to support governments in navigating this unprecedented funding crisis, leveraging deep government relationships, technical expertise, and ongoing data-driven efforts to rapidly assess and respond to emerging gaps while building for sustainability.

- **In-Country Presence and Trusted Government Relationships** in 36+ low- and middle-income countries. CHAI's core model involves working alongside governments to provide management and technical support. CHAI does not implement interventions directly but instead helps build national systems that leverage public and private sectors. We are also unique in the ecosystem as a partner

that does not rely on USG for support and has therefore been asked by governments to support sustainability and transition.

- **Established Partnerships** not only with governments but also with the private sector, donors, development banks, and the broader ecosystem working in global health.
- **Technical Expertise** including our understanding of existing health systems, financing and service delivery, as well as major program areas where USG partners were working from HIV to malaria and maternal and child health.
- **Access to Data** – Our ongoing work and partnerships means we have existing data on resources, commodities, salaries needed to quantify actionable in-country gaps.
- **Speed to Impact and Scale –** Beyond the above, our agile matrix structure of program and country teams enables us to move quickly and share learnings from an initial set of countries to additional countries.