



Navigating Health Financing Under Pressure: Lessons from Three Decades of Health Financing Reform in Ethiopia

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Background: As development assistance declines and fiscal pressures intensify, many low- and middle-income countries are entering a new era of healthcare financing. Ethiopia's three-decade health financing reform journey offers valuable insights into how countries can adapt and sustain progress toward Universal Health Coverage (UHC) amid changing financing realities.

Methods: A mixed-methods analysis of the health financing landscape was conducted using 41 policy and technical documents, National Health Accounts, peer-reviewed literature, and 11 key informant interviews. Data were analysed using the WHO health financing framework.

Results: Ethiopia's health financing reforms trajectory contributed to increased health expenditure, expanded financial protection through Community-Based Health Insurance, and laid the foundation for strategic allocation of health resources. Despite these gains, the system remains challenged by limited fiscal space, continued reliance on external assistance and out-of-pocket payments, fragmented pooling arrangements, and predominantly passive purchasing practices. In response, recent reforms prioritise domestic resource mobilisation, innovative financing, private-sector engagement, pooling and integration, provider payment reforms, and strategic purchasing. The analysis further highlighted the growing importance of political commitment, policy advocacy, and stakeholder engagement to translate these reform priorities into sustainable financing gains.

Conclusions: Ethiopia's health financing reform journey demonstrates both the achievements and challenges of transitioning towards a more sustainable health financing system. Sustaining progress toward UHC will depend on strong political commitment, effective policy advocacy, and continued efforts to strengthen domestically driven financing, improve pooling and purchasing arrangements, reduce reliance on unsustainable sources and efficiently allocate resources.

