Background Access to domestic financial resources is a prerequisite for strengthening health research and development (R&D). Therefore, the East African Health Research Commission (EAHRC) commissioned a study to assess the financial needs of the East African Community (EAC) region and propose innovative domestic financing mechanisms for R and D in East Africa.

Methods This study used a four-pronged approach as follows: a desk review of secondary data, followed by a survey to collect quantitative data from health R&D organisations and relevant ministries, followed by key informant interviews and, finally, a validation workshop. The study used 2014–2015 as the baseline year.

Results Only 51 out of 160 organisations responded to the survey. Using triangulation of desk reviews, national budgets documents and reported organisational budgets, the annual investment in health R&D in the EAC is estimated at USD 301.71 million of which 86% is financed from external sources. The share of health R&D financing in the GDP and health budget stood at 0.21% and 1.27% respectively, while the share of domestic financing of health R&D to GDP was as low as 0.03%.

The innovative domestic financing options suggested included: allocation of 10% of the USD 560 million of the sin-taxes collected; taxing 1% of the estimated USD 3 billion from inward remittances; fundraising for at least 2.5% of the USD 18.67 private sector investment in corporate social responsibility; issuing social impact bonds and the EAC Health Research Fund with an estimated annual performance of USD 20 million.

Conclusion In order to sustain health R&D investments in EAC, the EAHRC proposes to develop a 10 year domestic financing roadmap using a strategic mix of tax- and non-tax-based innovations.