

implementation story:

Removing Taxes for Contraceptives in Madagascar: **Strategic Advocacy Leads to Increased Budget for Family Planning**



AUTHOR

Dr. Onisoa Rindra Ralidera

CONTACT

o.rindra-ralidera@options.co.uk

ORGANIZATION

Options Consultancy Services Ltd

PARTNERS

**National FP Committee, MoPH
COMARESS (Malagasy Coalition for
Health System Strengthening)**



Background and Context

Madagascar has one of the highest poverty rates in the world, with 75 percent of its population living on less than US\$1.90 per day and a per capita gross domestic product of just US\$522 (World Bank, 2019).

Although the government adopted a policy in 2007 to ensure family planning (FP) is provided free of charge at public health facilities, data from the Madagascar Multiple Indicator Cluster Survey (MICS) 2018 indicated that the country's contraceptive prevalence rate is 41 percent, and 65 percent of women have a met need for FP. As a result, Madagascar has both a high fertility rate of 4.6 births per woman and high maternal mortality rate, at 426 deaths per 100,000 live births (MoPH, 2018).

There is a high level of reliance on donor support to fill the budgetary gap to implement Madagascar's costed implementation plan, the country's multiyear roadmap toward achieving

"Do not worry, I am aware of the benefits generated by this zero-rating of contraceptive products, and I personally will defend this at the plenary session,"
said Dr Lova Herizo Rajaobelina, President of the Health Commission at the National Assembly, during the advocacy session.

99

national FP goals. Technical and financial partners donate 95.5 percent (equivalent to US\$5 million) of FP commodities. The Ministry of Public Health (MoPH) covers the remaining 4.5 percent (equivalent to US\$235,000) and must pay an estimated US\$94,000 annually in taxes on the donated commodities.

In 2018, the MoPH committed to at least doubling its annual contributions to FP commodities, which would result in purchasing 9 percent (equivalent to US\$471,000) of FP commodities by 2021. Madagascar also committed to increasing the country's contraceptive prevalence rate to 50 percent, cutting the unmet need for FP in half to 9 percent, and raising its annual FP budget allocation by 5 percent. By reducing taxes on donated FP commodities, the government could also use the savings to increase the state budget for contraceptives or finance other parts of the costed implementation plan.

THE HIGH IMPACT PRACTICE

As part of Women's Integrated Sexual Health (WISH2ACTION) program in Madagascar—funded by the UK Department for International Development—Options Consultancy Services identified a significant funding gap in the country's costed implementation plan and its high dependence on donor-funded FP commodities. To support the country in moving toward a more sustainable FP program and achieving its FP commitments, Options used the [Domestic Public Financing](#) High Impact Practice to create a more enabling environment and shift toward more efficient use of public financing.

Grounded in a clear understanding of the budget cycle process, Options advocated for the removal of taxes on donor-funded FP commodities as a means to increase national FP financing. To remove taxes, the designated language must be included in the Madagascar Finance Law, which is first drafted by the Ministry of Economy and Finance (MoEF) and then approved by parliamentarians, who are key decision makers in the process and have the final say on tax law adoption. The request for the removal of taxes is a practice, but success depends on the arguments for filling the gap left by the removal.

Options consulted with the president of the National Health Commission at the National Assembly, another key decision maker and a reproductive health and FP champion, to advocate for the removal of taxes on FP commodities. Additional partners from the WISH2ACTION program and MoPH's FP Department joined Options to create the Malagasy Coalition for Health System Strengthening (COMARESS), an accountability mechanism to advocate for the removal of FP taxes. As emphasized by the [Policy](#) High Impact Practice, it is essential to have a clear understanding of the process for adopting a bill into law and the involved decision makers.

Implementation Story

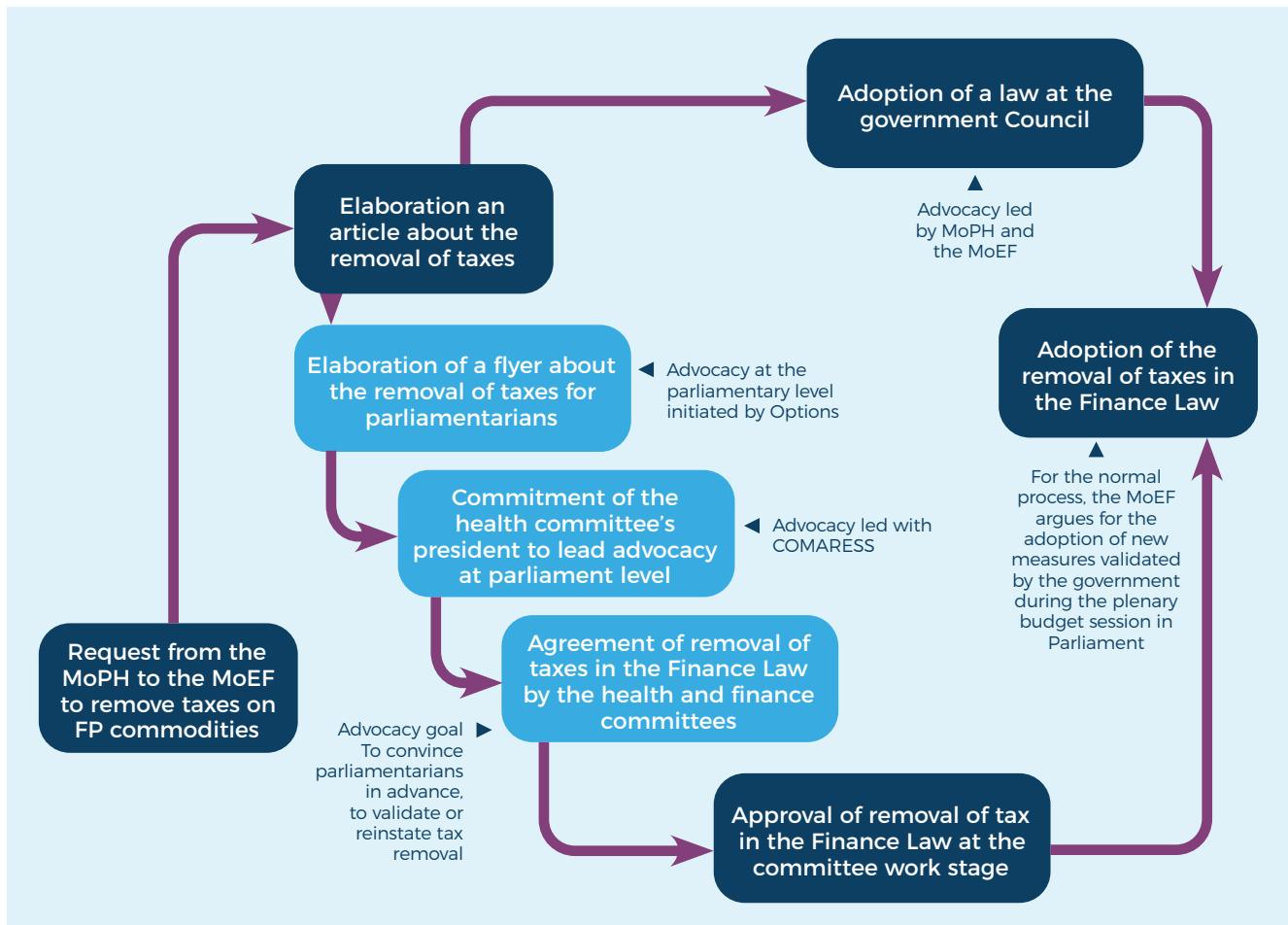
The MoPH initiated the process for removing the FP commodity taxes by sending a request to the MoEF. A technical team from MoPH then worked on incorporating an article on the removal of taxes into the draft 2020 Finance Law. Knowing that the current MoEF is very committed to achieving the demographic dividend, the team framed the arguments for tax removal around the return on investment for FP, which the minister referred to in the draft Finance Law. Members of the National FP Committee—including technical and financial partners such as the United Nations Children's Fund, the US Agency for International Development, DFID, nongovernmental and civil society organizations, and the MoPH Directorate of Family Health and Options—then worked together to fulfill the request and refine the article. See Figure 1.

The usual process for the adoption of a law starts at the government council and ends at the parliamentarian level. The MoPH and the MoEF must defend the tax removal in the Finance Law before the Council of Ministers.

At the parliamentary level, members of parliament are the key decision makers and can remove or add articles they consider important. For example, even if the removal of taxes was not adopted at the government or Council of Ministers level, members of parliament could still reinstate it in the Finance Law. Options therefore focused on advocating for the removal of taxes on FP commodities with members of parliament as part of the process.

The National Assembly's voting process consists of two stages—committee work and plenary voting. As the

Figure 1. The process of removing taxes



removal of FP taxes falls under both health and finance, the health and finance committees had to review the proposal. If they support the proposal, the two committees then make a case for removing FP taxes during the plenary vote.

Options, COMARESS, and the Head of the FP Department in the Directorate of Family Health, organized an initial advocacy session with the President of the Health Commission. Options also produced a brief in Malagasy that made the case for investing in FP and was validated by the MoPH as an advocacy tool.

The president of the Health Commission successfully presented key economic arguments during plenary sessions to the President of the Finance Commission that were backed by solid evidence and showed how the removal of taxes would lead to a loss of income in the state budget. The president of the Health Commission emphasized that the arguments for adopting the removal of taxes were compelling and within just half a day, all parliamentarians unanimously voted for the removal of taxes on FP commodities.

Options' advocacy to increase domestic financing highlighted the risks associated with an overreliance on donor funding for FP commodities as well as the gaps between government commitments and actual spending. This is particularly relevant in a context of increasing demand for FP that many people cannot afford. Options developed a clear understanding of the annual budget cycle and political system, identified the key stakeholders and champions to engage with, presented compelling arguments for investing in FP, and coordinated advocacy efforts at the parliamentary level for the removal of taxes on FP commodities.

The removal of taxes on FP commodities in the 2020 Finance Law was ultimately a result of strategic advocacy. Even though the Finance Commission Chairman was hard to reach due to his busy schedule, his engagement was as important in defending the removal of tax on FP commodities as the president of the Health Commission's. Fortunately, the Health Commission Chairman honored his commitment to convince his colleague in the Finance Commission prior to the voting session.

Madagascar's reproductive health (RH)/FP Law states that all individuals should have access to FP methods. The additional funding now available for voluntary FP can help make this a reality, having an immediate impact on FP access as well as a long-lasting health and economic impact.

To date, the government has not approved the reallocation of funds to purchase more FP commodities or increase its FP program and an important next step is to ensure these available funds are used for FP. Options is now working with COMARESS and the MoPH to track how these funds are being used and to establish an advocacy strategy to advocate for their use to purchase FP commodities.

LESSONS LEARNED

Even if the removal of taxes on FP commodities is included as an article in the draft Finance Law, **approval by the key decision makers (i.e., parliamentarians) is essential.**

A clear understanding of the budgetary process is indispensable, including knowledge of each decision maker and their role at each stage.

The Options' WISH2ACTION FP investment case brief appealed to decision makers by presenting economic arguments for removing taxes and highlighting the potential return on investment for FP.

Identifying and engaging the president of the Health Commission at the National Assembly as an influential stakeholder proved to be effective, and members of parliament unanimously voted to remove these taxes.

Options ensured the president of the Health Commission had all the necessary health and economic evidence to convince the president of the Finance Commission and other deputies to pass the article in the Finance Law.

recommendations

- 01** **Know the political process well**, including issues relating to FP access at different levels of the health system and government.
- 02** **Understand the annual budget cycle and political decision-making processes** at each stage in the voting process, to achieve the desired outcome.
- 03** **Choose carefully which key stakeholders to work with** and ensure they have decision-making power.
- 04** **Use advocacy tools that contain compelling evidence for decision makers.** For example, arguments for the removal of taxes should be linked to the return on investment of FP to ensure the funds saved from removing taxes can fill the FP funding gap.
- 05** **Identify an influencer and decision maker among parliamentarians** who can advocate for the cause and is familiar with the issue. In this case, the decision maker was the president of the Health Commission who was both a medical professional and an FP champion.
- 06** **The removal of taxes is a first and major step toward increasing domestic public financing for FP**, but further advocacy is needed to ensure that funds made available by removing taxes are reallocated to other FP activities.

REFERENCES

- UNICEF. (2019). Madagascar : Enquête par grappes à indicateurs multiples, 2018 – Résumé Exécutif des résultats de l'enquête – Août 2019. Multiple Indicator Cluster Survey (MICS). <https://www.unicef.org/madagascar/media/3111/file/UNICEF>.
- United States Agency for International Development (USAID). (Apr 2018). Domestic public financing: Building a sustainable future for family planning programs. High Impact Practices in Family Planning (HIPS). <https://www.fphighimpactpractices.org/briefs/domestic-public-financing>
- USAID. (Nov 2013). Family planning policy: Building the foundation for systems, services, and supplies. High Impact Practices in Family Planning (HIPS). <http://www.fphighimpactpractices.org/briefs/policy>.
- World Bank. (July 2020). World Bank in Madagascar: Overview update. <https://www.worldbank.org/en/country/madagascar/overview>