

## INCREASING PARTICIPATION FROM ALL FAMILY PLANNING SECTORS IN MADAGASCAR

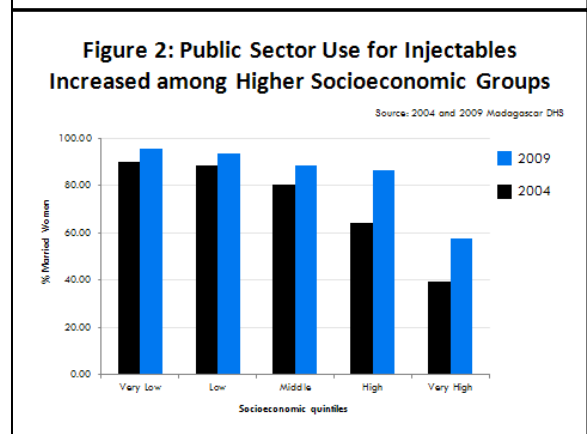
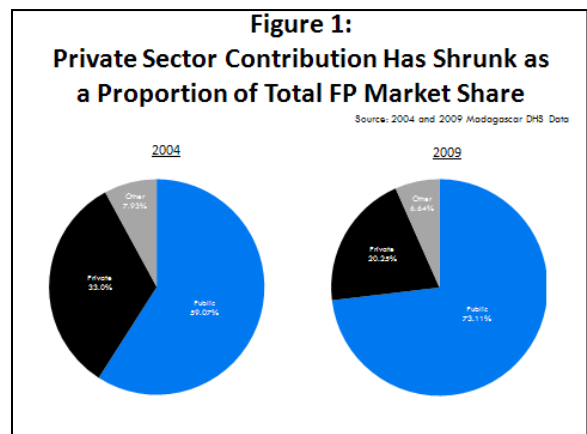
Madagascar’s population has grown rapidly since the 1950s. In 1955, the population was 4.8 million; by 2005, it had reached 18.5 million. At the current fertility rate of 4.8 children per woman, the population will continue to grow exponentially, putting a strain on resources and hindering economic development.

In recognition of this need to address rapid population growth, the Government of Madagascar has shown strong commitment to family planning (FP). In September 2007, the Government declared that all contraceptives would be provided free of charge to clients in the public sector. This has resulted in some impressive gains: total fertility rates have decreased, contraceptive prevalence has increased, and unmet need has decreased. However, the recent policy change also calls into question the sustainability of these achievements. **Expanding the role of the private sector in the provision of contraceptives could have a significant impact in ensuring contraceptive security in Madagascar over the long-term.**

### OPPORTUNITIES FOR INCREASING THE ROLE OF THE PRIVATE SECTOR

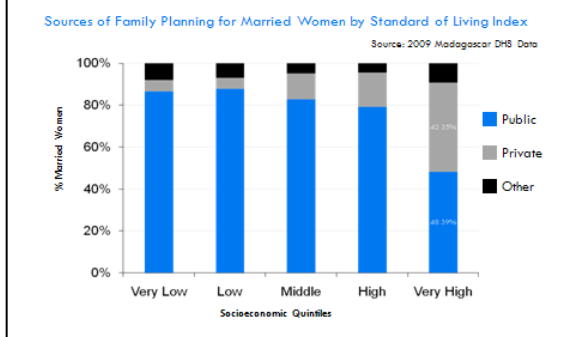
The 2007 policy change resulted in a number of challenges for the Ministry of Health (MOH) in ensuring contraceptive security. Although the Government has a line item for procurement of contraceptives, the overwhelming majority of contraceptives are provided by donors. In addition, district authorities are still obligated to cover the costs of transporting contraceptives to health facilities but no longer have the funds to cover the costs, putting districts at risk of stockouts.

In the past, the private sector contributed to over 1/3 of the total FP market share. The introduction of free contraceptives in the public sector resulted in a decline in sales of contraceptive products in the commercial sector and a decline in distribution by private sector providers, resulting in greater reliance on the limited public sector resources (see Figure 1). The current situation in Madagascar presents a unique opportunity for the MOH to reengage the private sector in supporting the Government to reach its FP targets and ensure contraceptive security. Indeed, data from the 2009 Demographic and Health Survey show a clear role for the private sector in the FP market.

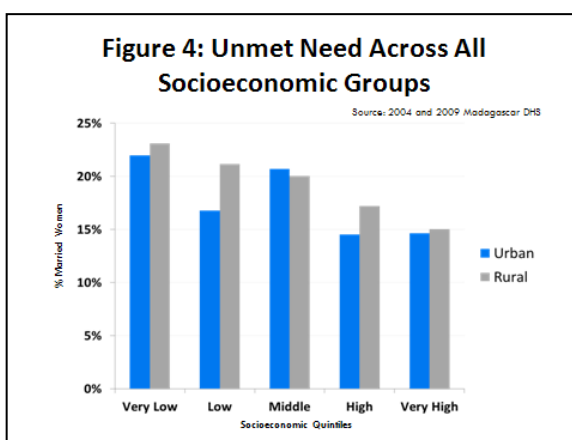


**Clients who can pay use contraceptives provided by the public sector.** With the introduction of free contraceptives in the public sector, the use of injectables—the most popular FP method—has increased in every socioeconomic group (see Figure 2). This growth is most dramatic in the two highest socioeconomic groups. Indeed, as Figure 3 shows, the public sector provides 48% of contraceptives for the highest socioeconomic group. Clients in the highest socioeconomic groups could be targeted by the private sector, conserving public sector resources for those most in need.

**Figure 3: Public Sector Still a Prominent Source in Highest Socioeconomic Groups**



**Unmet need for FP persists across all socioeconomic groups.** Despite the introduction of free contraceptives in the public sector, there is still persistent unmet need across all groups—including among the highest socioeconomic groups, who could be targeted by the private sector.



### CHALLENGES TO PRIVATE SECTOR EXPANSION

The private sector faces a number of challenges to entry in the FP market. These challenges must be taken into consideration in developing a plan to increase private sector participation.

**Taxes on contraceptives.** Under the current system, donors with bilateral agreements with the Government of Madagascar are exempt from taxes on FP commodities, but NGOs without such agreements are not, discouraging private sector participation. In addition, these taxes raise the prices of contraceptives in the private sector, decreasing demand and affecting contraceptive prevalence.

**Public sector contraceptives are free.** That public sector contraceptives are free discourages the scaling up of commercially-priced products. However, with targeted social marketing initiatives, the private sector can still be successful.

**Inadequately segmented market.** To appropriately target public sector resources to those who need them and private sector products to those who can pay for them, the MOH must understand how the market is segmented. This includes identifying current private sector contributions to FP, which are currently not disaggregated in national results.

## ACTION PLAN FOR THE MINISTRY OF HEALTH

What are some steps the MOH can take towards improving contraceptive security through increasing the role of the private sector in the provision of contraceptives? Below are recommendations that were shared and agreed upon at an October 26, 2010 workshop with stakeholders from the MOH, Ministry of Finance, and the private sector. The Total Market Initiative (TMI) Technical Advisory Group (TAG) will continue to provide support and guidance to the MOH in developing and implementing a detailed advocacy action plan for these recommendations.

Recommendation	Actions
<b>Increase public sector funding for contraceptive procurement and transportation</b>	<ul style="list-style-type: none"> <li>• The MOH, under the Direction of the Director of Safe Motherhood (DSM), will develop an action plan.</li> <li>• The DSM will present an advocacy brief to the Director of Finance and Planning for the MOH.</li> <li>• The MOH will develop objectives for funding – including line items for transportation costs related to supply of contraceptives to the CSB-level – that are in compliance with Ministry of Finance and Budget formats.</li> </ul>
<b>Strengthen public-private partnerships (PPP)</b>	<ul style="list-style-type: none"> <li>• The MOH will invite TAG representatives to meet with the Partnership Director to develop an action plan for strengthening PPP based on the recommendations made at the October 26 workshop.</li> <li>• The Partnerships Director will organize a regular meeting with FP NGOs to discuss ways to strengthen PPP.</li> <li>• The TAG will support the Partnerships Director to finalize a formal policy paper on PPPs for FP services.</li> </ul>
<b>Segment the market to appropriately target clients with public and private sector resources</b>	<ul style="list-style-type: none"> <li>• The MOH must define the reporting systems required from FP NGOs.</li> <li>• Based on the TMI study and NGO activity reports, the TAG (including the MOH) will identify gaps in the current market to determine where to target and how to optimize use of public and private sector resources. The MOH will decide on a timeline for regular reporting on market segmentation so that resource targeting is adjusted as needed.</li> <li>• The MOH will work with NGOs providing FP to collect activity reports on a monthly basis so that they can be utilized by the MOH to determine gaps in market segmentation.</li> </ul>
<b>Remove taxes on contraceptives</b>	<ul style="list-style-type: none"> <li>• The MOH (DSM) will analyze the impact of taxation policies on contraceptive costs and Government revenue and develop recommendations to take to the Ministry of Finance.</li> <li>• The MOH (DSM) will meet with the Director of Finance and Budget to propose a law amendment and discuss the way forward (for example, aligning the definition of tax-exempt medicines with the MOH definition).</li> </ul>
<b>Promote social marketing initiatives</b>	<ul style="list-style-type: none"> <li>• Prior to the Council of Ministers meeting, the Director of Safe Motherhood will frame the design of a draft social marketing policy.</li> <li>• Disseminate TMI results at the Council of Ministers meeting before end of 2010 to demonstrate the role of the non-public sector and potential for social marketing.</li> </ul>