

USAID Transform WASH

Should sanitation be taxed?



Learning Note, September 2019



Table of Contents

Copyright and Publisher	3
1. Introduction	1
2. Taxes on sanitation products and services	2
2.1. Customs duty	2
2.2. Excise tax	3
2.3. Value Added Tax (VAT)	3
2.4. Surtax.....	4
2.5. Withholding Tax.....	4
3. Fiscal policies and WASH investments	5
4. Analyzing taxes on sanitation products and services	6
5. Conclusions and recommendations	10
Abbreviations	13
References	14

Copyright and Publisher

USAID Transform WASH aims to improve water, sanitation and hygiene (WASH) outcomes in Ethiopia by increasing access to and sustained use of a wide range of affordable WASH products and services, with a substantial focus on sanitation.

The WASH market will be transformed by: stimulating demand at the community level, strengthening supply chains, improving local business practices, and building the enabling environment for a vibrant private sector.

USAID Transform WASH is a USAID-funded activity implemented by PSI in partnership with SNV, Plan International, and IRC. The consortium is working closely with government agencies, including the Ministry of Health, the National WASH Coordination Office and regional governments.

© 2019, USAID Transform WASH

Permission is hereby granted for sharing and adaptation of this material, in whole or in part, for non-commercial use, educational, scientific or development-related purposes, provided that the appropriate and full citation is given.

This Learning Note reviews how taxes and tariffs are applied in Ethiopia, and how they are or might in the future influence the market for key sanitation and safe water products.

Author:

Abinet Kebede, IRC WASH

Reviewers:

John Butterworth, IRC, Monte Achenbach, PSI & Kathrin Tegenfeldt, USAID

Editor:

Peter Feldman, IRC WASH

Design and layout:

Tereza Nega, IRC WASH

Cite this publication as follows: Kebede, A, 2019. Should Sanitation be Taxed. Addis Ababa: USAID Transform WASH.



1. Introduction

This Learning Note reviews how taxes and tariffs are applied in Ethiopia and how they are (or might in the future) influence the market for key sanitation and safe water products.

This issue is significant because improving water, sanitation and hygiene in Ethiopia is not only an important task, but it is daunting in scale.

Ethiopia has made tremendous strides in reducing open defecation since 2000 (from 80 to 27 percent). However, most of that improvement was made by households who built or invested in 'unimproved' toilets. Use of unimproved toilets means that the waste is still open to the environment and is a potential source of disease-causing pathogens. And this type of facility does not meet the standard of 'basic sanitation' service which is incorporated in the Sustainable Development Goals (SDGs).

Only about seven percent of the population of nearly 100 million currently has access to basic sanitation – a situation that impacts health, safety, finances, and living conditions. And 27 percent still have no latrine access at all, practicing open defecation. Diarrheal diseases are the third leading cause of under-five mortality, causing 70,000 deaths per year (JMP 2017; EDHS 2012; and UNICEF 2019).

Ensuring that sanitation products remain as affordable as possible, especially to the poor, is a critical aspect of the effort to achieve universal access. Yet the application of taxes to sanitation products currently on the market in Ethiopia could increase the cost of those products by as much as 70 percent.

Governments use many different types of tax to raise revenue for operations and to

deliver public services. There are two basic types of tax, "direct" and "indirect." Direct taxes are paid by an individual or organization to a taxing authority (government), such as income or property tax.

An indirect tax is one that is passed on, for example, from a business that owes the tax, to the business's customers. When a person purchases a good or service from a business, the money is paid directly to the business. However, the business then takes part of that money to pay for the tax that the Government levies on the good or service the business is selling. The business includes in its sales price the tax it must pay to the Government. In this sense, the tax paid by the business is being passed on or transferred to the customer, who is 'indirectly' paying it. Examples of indirect taxes include sales tax, value added tax (VAT), and customs duties.

Each specific tax has economic and often social consequences. Governments may use taxes to encourage or discourage certain types of economic activity. For example, 'tax incentives' can be used to encourage production or sales of certain types of goods or services. These incentives can take several forms, such as **tax holidays** (temporary reductions or exemptions from a specific tax), **preferential tax rates** that may target certain geographic locations, business types, or asset types; or **targeted allowances** (tax deductions or tax credits) for certain types of investment expenditures. Excise taxes and custom duties may be used, for example, to discourage consumption of harmful substances (e.g., tobacco and alcohol), or to encourage local production of a product rather than importing it (or to shield local producers against lower cost imports).

To encourage certain products or business sectors in the economy, and to attract

investment, the Government may exempt certain imported raw materials or capital goods from customs duties or other taxes. For example, goods imported into Ethiopia are all subject to import duties, but there are an increasing number which are exempted (or granted reduced rates). The most recent examples are the import duty exemptions that will be applied to a range of agricultural equipment and solar power and energy efficient lighting technologies (IWMI, 2019)¹.

The USAID Transform WASH activity, which is supporting the Government and private entrepreneurs to establish viable sanitation enterprises in nine regions across the country – has been assessing potential bottlenecks as the program has evolved and expanded. Taxation policies have emerged as one of the most critical challenges to scaling up market-driven sanitation improvements because of the extra costs imposed on consumers.

The sanitation value chain includes a wide range of products and services, from toilet pans and fixtures to various means of storing, containing, transporting, and treating the waste. For clarity and brevity, this review has focused on products used for constructing household or institutional toilets, as specified in Federal Ministry of Health (FMoH, 2017).

2. Taxes on sanitation products and services

Tariffs are levied on imported goods either to raise revenue and/or to protect local industries and domestic output from foreign competition. Unless exempted by law, items imported into Ethiopia are potentially subject to five kinds of taxes: i)

customs duties, ii) excise tax, iii) VAT, iv) surtax, and v) withholding tax.

2.1. Customs duty

Goods imported to Ethiopia are subject to import or customs duties, which are payable by all persons and entities (unless granted duty-free privileges). The Ethiopian Revenues and Customs Authority (ERCA) sets and collects customs duties, as provided for in Proclamation 587/2008, and other supporting regulations and directives.

ERCA has established six 'bands' of customs duty rates: 0, 5, 10, 20, 30 and 35 percent, calculated based on the CIF value of the imported item (cost + insurance + freight). Historically in Ethiopia, import duties ranged as high as 60 percent - and have been reduced over the past two decades to encourage more investment (ERCA guidance).²

ERCA classifies goods into two broad categories, as discussed below.

Category 1

These imports include raw materials and semi-finished goods (which would be completed in Ethiopia), and other products, capital goods and inputs for agricultural or industrial use. These types of imported items are considered 'productive' and are granted lower import tariffs to encourage local manufacturing and other types of production. Tariffs imposed on raw materials and producers' goods are typically between 0 and 10 percent with the aim of helping domestic industries and agriculture, and to discourage the importation of finished goods.

¹ <http://www.iwmi.cgiar.org/2019/07/making-irrigation-technology-more-affordable-in-ethiopia/>

² http://www.erca.gov.et/images/Documents/Customs/Import_Export_Procedure/452.pdf

Category 1 imports also include 'semi-finished' goods. As their name implies, these items require additional processing in Ethiopia before reaching the consumer market. Import duties applied to this subclass of goods generally range between 10 and 20 percent.

As mentioned previously, the Government has recently moved to exempt a range of products and technologies from import duties. These include certain types of machinery, irrigation, and animal feed technologies and equipment, as well as certain solar energy and energy efficiency technologies.

Category 2

This category of goods is considered 'non-productive' and includes consumer products and many items intended for personal use. These items may be 'durable' (expected lifetimes of 3 or more years) or 'non-durable'. Tariffs applied on these goods typically range from 20-35 percent, with the highest tariffs applied to items that are solely for personal use. For example, automobiles are subjected to the highest (35 percent) import duty.

Exported items

The Government typically waives any customs duty and other taxes on items exported out of Ethiopia to encourage economic growth. Exceptions to this include the export items such as semi-prepared hides and skins of animals, which might be considered as raw or semi-finished goods.

2.2. Excise tax

Excise taxes generate a significant amount of revenue. These taxes are levied on imported consumer products that often fall under the category of 'luxury goods',

as well as items such as alcoholic beverages and tobacco products, which are in high demand but are considered harmful to health and social welfare.

Excise taxes range from 10 up to 100 percent, depending upon the item. Textiles and garments are typically taxed at 10 percent, non-alcoholic beverages at around 20-30 percent, alcoholic beverages at 50-100 percent, tobacco products at 75 percent, and vehicles at 30 to 100 percent (increasing rates with larger engine displacement).³

Excise taxes on locally-produced goods are paid by the producer, whereas excise taxes on imported goods are paid by the importer (both are indirectly paid by the consumer).

ERCA collects excise taxes on behalf of the Federal government, especially for imported goods; however, regional governments may also collect excise taxes for goods in their local areas.

2.3. Value Added Tax (VAT)

The Ethiopian value added tax (VAT) was introduced in 2003 to replace the sales tax. By 2008 it had become a principal source of revenue for the Ethiopian government, accounting for about 41 percent of total federal revenue from domestic sources. VAT is assessed at a flat 15 percent on the sum of an item's CIF value, plus any customs duties and excise taxes. A wide range of goods and services are subject to VAT. Sanitary pads and tampons, for instance, are taxed at the full 15% VAT rate (ERCA, 2017).

³ *Ibid.*

Box 1 VAT Exemptions

Government does exempt certain types of goods, services and imports from VAT, including financial, educational, healthcare, and transportation services. (Proclamation No. 285/2002).

In addition, MoFEC has exempted other products from VAT, including imported mosquito netting and supplies needed to produce chemically impregnated mosquito nets. Supply and import of medicine, medical supplies, and medical kits also are exempted from VAT (Circular Nos. አመ3/16/28/785 and አመ3/16/28/889).

Importantly, sanitation products and services are not included the list of goods and services excluded from VAT, and therefore are subjected to the tax.

2.4. Surtax

The Ethiopian surtax was introduced in 2007 to raise additional revenue, and it applies to all non-exempted imported goods (COM 2007). The surtax is a flat 10 percent on the sum of CIF, customs duty, excise tax, and VAT. Imported sanitary pads are subject to the 10 percent surtax.

Box 2 Surtax Exemptions

There are a number of goods and services exempted from surtax, including fertilizer, certain seeds, insecticides, petroleum, motor vehicles for freight and passengers, aircraft, and capital investment goods. Also exempt are goods imported by persons or organizations which are exempted from customs duties. (COM Proclamation No. 133/2007).

2.5. Withholding Tax

Withholding tax (WHT) was introduced in Ethiopia at the beginning of 2001 (COM, 2001). This was subsequently replaced by other tax laws (Proc. No 286/2002 and Regulation No 78/2002). The latter put into place a 3 percent tax on imported items, and 2 percent tax on payments for the purchase of goods and services. The basis for the tax on imported goods is the CIF value of the item, and is payable upon customs clearance.

WHT is withheld and can be credited towards a taxpayer's annual income tax liability. In practice, the cost of WHT is passed onto consumers, and it is therefore considered an indirect tax on the consumer.

Certain bodies are exempt from the 3 percent import WHT, including Federal and Regional public offices; and registered non-profit and non-governmental organizations.

Raw materials and certain capital inputs (such as spare parts) used for production also are exempted from the tax, so long as these inputs are not directly used for commercial purposes. However, a manufacturer must pay the 2 percent tax once the manufactured items are sold on the market. (Proclamation no.286/2002).

However, sanitary articles appear to be subject to the 3 percent WHT.

3. Fiscal policies and WASH investments

According to the World Health Organization (WHO), an estimated 827,000 people in low- and middle-income countries die each year as a result of diarrheal diseases caused by inadequate WASH conditions or services. (WHO, 2019) It has been estimated that the lack of sanitation costs the global economy in excess of \$220 billion annually (Lixil et al., 2016).⁴

On the other hand, improving sanitation and hygiene conditions can have significant positive effects in terms of reducing a range of infections and diseases, including diarrheal diseases, bilharzia, trachoma, intestinal helminths, and more (Esrey et al., 1991; Fewtrell et al., 2005; Waddington et al., 2009; World Bank, 2010). Improved sanitation also can reduce malnutrition among children (Maleta, 2006).

Therefore, strong economic, social, and societal arguments can be made in favor of investments in WASH, which have been demonstrated to have positive net benefits in all regions of the globe. Estimates of the economic returns from \$1 invested in WASH improvements range from \$5 to \$46, depending upon the location and specific intervention (Hutton et al., 2007).

Economic benefits from water and sanitation improvements chiefly result from:

- *Time savings, and related gains in productive time;*
- *Reduced health care costs;*
- *Fewer deaths from water and sanitation-related illnesses.*

Improved sanitation also contributes to increases in primary school enrollment, productivity, security (especially for women), and to reductions in pollution of the environment, especially of water resources.

How do these economic, health, and developmental benefits link to a discussion of taxation? As discussed in the previous section, the Ethiopian tax system already provides exemptions and/or favorable rates for certain products and services that are beneficial for the public good. Examples of such items include health care services, agricultural equipment and supplies, medicines, mosquito-repellent bed nets, education services, staple food products, and more.

Despite the well-established favorable rates of return on investments in sanitation, and the demonstrated links between sanitation and health, education, equity, and social well-being - sanitation products and services are not currently provided formal exemptions from, or favorable rates for, any types of taxation in Ethiopia.

Introduction of tax incentives on a package of sanitation and hygiene products could help ensure these products are affordable and thereby stimulate more sales and use by the public. In turn, this would bring about the associated health benefits previously mentioned, as well as stimulating an important and emerging part of the economy.

⁴ Globally, the investment required to achieve the SDG sanitation targets is estimated to be on the

order of \$30 billion per year (Hutton and Varughese, 2016).

4. Analyzing taxes on sanitation products and services

To examine how taxes on sanitation products might affect consumers, the following section provides examples of several sanitation products currently on, or being introduced, to the market – and how taxation could (or does) affect their pricing.

Concrete slabs

Concrete slabs are one of the main products the Government promotes for rural sanitation improvement. These slabs are produced using locally available

materials such as sand and gravel, along with manufactured products like iron reinforcing bar (rebar) and cement.



Figure 1 Iron bars laid for concrete slab production

Table 1 Concrete slab cost and tax details

Description	Unit	Quantity	Unit price (ETB)	Price Paid	Tax Paid ⁵
Sand	Box	1.0	25	25	
Gravel	Box	1.25	25	32	
Cement	Kg	20	2.7	54	7
Iron bar 8 mm	Berga ⁶	1.0	200	200	26
Black wire	Kg	0.20	50	10	1.30
PVC pipe 50 mm	m	0.15	45	7	1
Formwork Oil	Lt	0.25	10	3	
Water	Lt	50	0.10	5	
Sub-Total				336	35.3
Mason (to install)	No.	1	40	40	
Laborer	No.	1	24	24	
Total Cost (ETB)				400	35.3
Producer Margin (Approx.)				50	-
Price to Consumer (ETB) (USD)				450 \$16.32	35.3 \$1.28

⁵ Tax amount is included in the price paid by the consumer.

⁶ A 'berga' is a local measurement used for selling rebar – and is a 12-meter length.

The analysis assumes that all manufactured inputs (rebar, cement, PVC and black wire) are produced in Ethiopia, and that the relevant tax is only the 15 percent VAT. As shown in Table 1, the total production cost of a concrete slab including labor costs, is estimated to be about ETB 400. The VAT due on inputs used for production of this item would be around ETB 35, or effectively an 8.8 percent tax on the production cost, or 7.8 percent of the price paid by consumers.

SATO pan and AIM plastic slab

The USAID Transform WASH project, in collaboration with Ethiopian government and other partners including UNICEF, are facilitating introduction of the SATO pan and AIM plastic slab to the Ethiopian sanitation market.⁷

To facilitate market development, Transform WASH business partners were provided with trial quantities of these products and then sold them at retail prices of ETB 150 (SATO pan) and ETB 740 (AIM slab). However, this situation will change once these products are

imported through normal channels and the relevant taxes are applied.



Figure 2 SATO Pan

As indicated in **Table 2**, without an exemption from import duties and other taxes, the wholesale price of a SATO pan increases from 97 to 162 ETB. This means that the effective tax on the product is about 67 percent of the CIF value. By the time the product is sold to the consumer, the fully-taxed price would be around 390 ETB, with 47 percent of that comprised of tax.

Table 2 Cost of SATO Pan with and without Tax

	Pre-Tax Cost (ETB)	Tax Rate	Tax Amount	Full Cost incl. Tax
SATO Price at Point of Import (CIF)	97 (3.33 USD) ⁸			
Customs duty		30%	29	126
Excise tax		0%	0	126
VAT		15%	19	145
Surtax		10%	14	159
Withholding tax		3%	3 ⁹	162
Other costs:				
Shipping and handling	3			165
Warehouse fee	3			168
Delivery cost (approx.)	4			172
Cost to Importer				172

⁷ The AIM plastic toilet slab is based on a World Bank design and is manufactured by the Silafrika company in Nairobi, Kenya. Silafrika also produces the SATO pans being sold in Ethiopia, under a

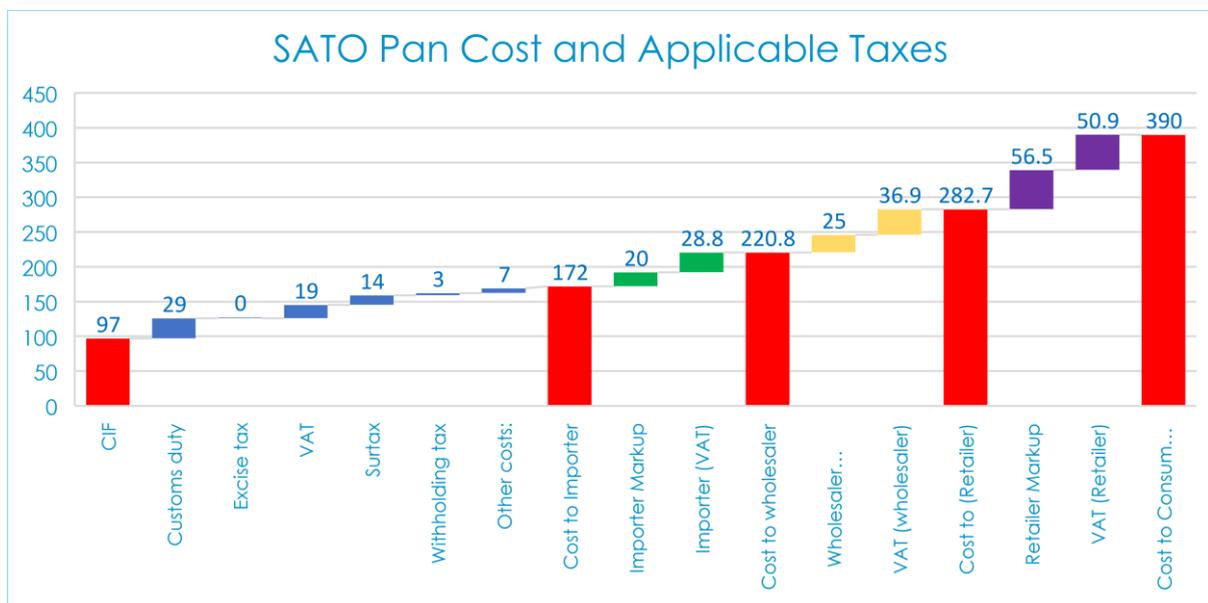
license from its patent-holder, the Lixil Corporation, of Japan.

⁸ 29.09 ETB per USD, 16 August 2019 (Ethiopian Commercial Bank).

⁹ WHT is applied to the CIF value.

	Pre-Tax Cost (ETB)	Tax Rate	Tax Amount	Full Cost incl. Tax
Importer Markup (approx.)	20			192
Cost to wholesaler	192	15% VAT	28.8 ¹⁰	220.8
Wholesaler Markup (approx.)	25			245.8
Cost to (Retailer)	245.8	15% VAT	36.9	282.7
Retailer Markup (approx.)	56.5			339.2
Cost to Consumer (ETB) (USD)	339.2	15% VAT	50.9	390 (\$13.41)
Total Taxes Applied (47% of retail)			181.6	

Graph 1 SATO Pan cost and applicable taxes



The tax and cost structure for the AIM plastic slab is outlined in **Table 3**. Without any tax exemptions, the price at a

retail sales point will increase from 1,258 to 2,402 ETB, or a 91 percent increase to the consumer.



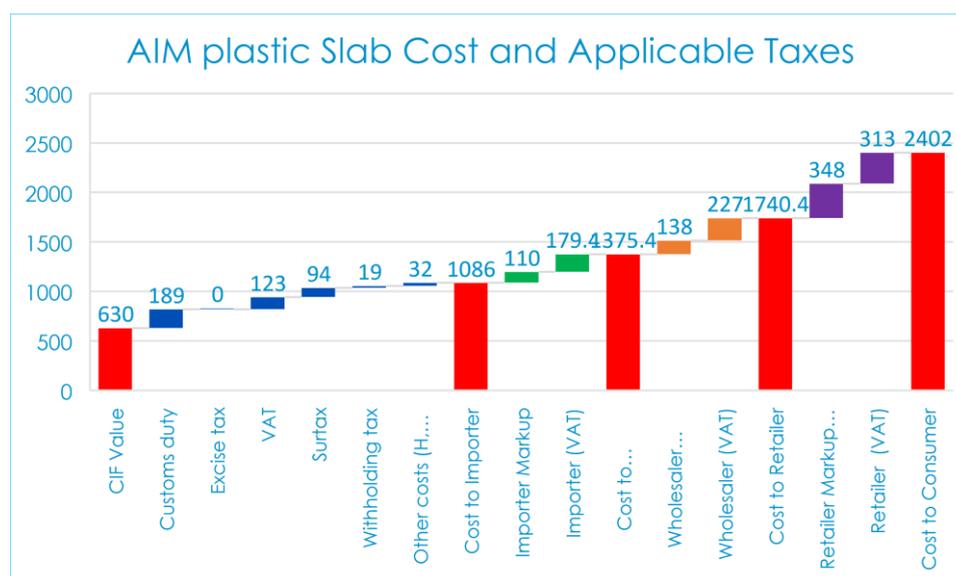
Figure 3 AIM plastic slab

¹⁰ These VAT amounts should be based on the actual 'value added' at each stage of the supply chain. However, in practice, the VAT is commonly calculated based on total cost.

Table 3 Cost of AIM plastic slab with and without Tax

	Pre-Tax Cost (ETB)	Tax Rate	Tax Amount	Full Cost incl. Tax ¹¹
Imported price (CIF Value)	630			
Customs duty		30%	189	819
Excise tax		0%	-	-
VAT		15%	123	941
Surtax		10%	94	1035
Withholding tax		3%	19	1054
Sub-Total with Tax			425	1054
Distribution costs per unit (approx.):				
Handling	3			3
Warehouse fee	14			14
Delivery	15			15
Cost to Importer	662			1,086
Importer Markup ¹² (approx.)	110			1,196
Cost to wholesaler	1,196	15% VAT	179.4	1,375.4
Wholesaler Markup (approx.)	138			1,513.4
Cost to Retailer (approx.)	1,513.4	15% VAT	227	1,740.4
Retailer Markup (approx.)	348			2,088.5
Cost to Consumer (ETB & USD)	2,088.5	15% VAT	313	2,402 (USD 82.57)
Total Taxes Applied (~48% of retail)			1,144.4	

Graph 2 AIM plastic slab cost and applicable taxes



¹¹ Decimals have been rounded for sake of clarity.

¹² Markups by importers, distributors and retailers are only rough approximations. Costs for handling (loading, unloading, etc.) are also not directly addressed in this analysis, so are by default rolled into the 'markups'.

Box 3 Taxes on Menstrual Products

Access to sanitary pads and tampons remains a significant challenge for women and girls in Ethiopia who prefer to use them. Although there are disposable products available in local markets, the supply is limited, and prices are relatively high. Furthermore, while 80 percent of the menstrual products are distributed in urban areas, 84 percent of the population lives in rural areas.

Virtually all commercially available menstrual products in Ethiopia are either imported, or made locally using imported raw materials. Both local manufacturers and importers face financial challenges including declining local currency value and difficulty accessing hard currency. This in turn contributes to the problems of limited market availability and increasing price of menstrual products.

As with sanitation products, a very important contributing factor to pricing is the taxation levied on menstrual products. Imported sanitary pads are subject to a relatively high customs duty of 30%, as well as VAT (15%), surtax (10%), and withholding taxes (3%). Even the price of locally produced pads must incorporate the cost of customs duties, since their manufacture relies upon imported materials.

An Ethiopian women's movement called 'Jegniti' has also taken note of this issue, and recently launched an advocacy campaign to make sanitary pads available and free-of-charge for girls at school. They also are lobbying for the elimination of taxes on menstrual products, as well as on the import of raw materials needed for local production.

Complicating the situation is the concern expressed by local menstrual product manufacturers that eliminating taxes on imported finished goods will hamper the development of the home-grown industries that are trying to enter or expand their market presence. The tax reforms they seek focus mainly on removing duties levied on raw materials imports.

What is clear is that women and girls are seeking improved access to affordable menstrual products, and safe places to take care of their needs at home, at school or at work. The head of the Jegniti movement, Maraki Tesfaye, noted they are "set to start a campaign for a tax cut on sanitary pads and on access to clean restrooms, whose inaccessibility is keeping girls at home and away from

school." She also mentioned that access to clean toilets at schools is every girl's right, as stated in Article 44 of the Constitution.

What also is clear is that there is much common ground shared by the sanitation sector and those who seek tax reform on menstrual product.

5. Conclusions and recommendations

Ethiopia has made tremendous strides in reducing open defecation since 2000 (from 80 to 27 percent). However, only seven percent of the population actually has access to 'basic' sanitation service – an improved toilet that hygienically

separates the waste from the environment and is not shared with other households.. The country's SDG targets for sanitation include reaching 100 percent access to 'basic' service by 2030.

This means that the potential market for basic sanitation currently consists of around 93 million persons, or roughly 20 million households (and large numbers of

schools, health facilities, and other public places). And this potential market for sanitation could increase, perhaps to more than **25 million households**, as Ethiopia's population is projected to grow to over 130 million by 2030.

The challenge will be to encourage new and innovative sanitation products and services to come online in Ethiopia, and for those products to penetrate the market such that literally tens of millions of households (and many public institutions) are able to invest in sanitation improvements. To accomplish this, the private sector, Government, and support agencies must work together to find scalable solutions. Ensuring a favorable 'enabling environment' for the emerging private sector sanitation market will be a key means of achieving large gains in sanitation access.

A key element of that favorable enabling environment is to ensure that sanitation products remain as affordable as possible. As this paper has shown, **applying the existing taxes to sanitation products currently on the market in Ethiopia could increase their cost by as much as 70 percent.**

The Government relies upon taxes to secure its operating funds and thereby ensure safety and security for its citizens. Current tax policies do, however, provide exemptions or favorably low tax rates for a range of products and services that provide important social, health, and economic benefits. These include health services, medicines, certain health-related products such as insecticide-treated bed nets, as well as certain agricultural equipment and technologies, solar energy products, staple foods, and more. These exemptions and/or low tax rates ensure that key products, foods, technologies and services remain affordable, so that everyone can access them.

The same conclusion can be drawn about sanitation products and services – that tax exemptions and/or low tax rates are essential to ensure affordability and widespread uptake. A similar argument can be made for hygiene-related products such as hand washing devices, soap, menstrual pads, and others. Household water treatment chemicals and devices also should logically be given the same tax advantages.

The economics at the household level remain a constraint to success in sanitation, especially in the lower income quintiles where limited spending power forces households to make difficult choices with their discretionary investments. Many of the poor will simply be unable to purchase sanitation and hygiene improvements if the price of entry is too high. Given the many competing demands on their money, they may find it too costly to invest in improved sanitation (Mara et al., 2010).

This sets up a situation in which these families will likely be spending more money on (tax-exempt) medical services and medicines to cure diseases that could have been prevented by their communities having better sanitation and hygiene. The choice for tax policy is *whether it should be used to encourage disease prevention as much as it already encourages the application of cures.*

The potential health-cost savings that can be achieved through improved sanitation, hygiene and safe water in Ethiopia are enormous. An estimated 60 to 80 percent of communicable diseases in Ethiopia are linked to unsafe water, inadequate sanitation, and poor hygiene – and 70,000 under-five deaths annually are attributed to diarrheal diseases (UNICEF 2019).

Favorable tax policies have already been applied for other products related to public health, such as malaria prevention -

wherein exemptions from VAT have been granted for materials used to manufacture and market insecticide-treated bed nets. A similar approach could be adopted for improved sanitation, hygiene and water quality. Ensuring that these goods and services remain affordable through favorable tax policies is important for public health and well-being.

Another critical aspect of the taxation issue is its impact on the many businesses which are trying to operate in the sanitation, hygiene and water sectors, or which are considering entry into the market. Tax policies that help increase consumer demand are important – but in addition government policies also should

help create a more favorable business climate that encourages greater investment, more local manufacturing, and scaled-up distribution to effectively meet consumer demand throughout the country.

By instituting a favorable tax environment for sanitation, hygiene and water supply products and services, these markets can continue to evolve and expand. And by doing so, they can contribute to the health of the population as well as the economic development of nation.

Abbreviations

AIM	AIM Plastics Corporation (originally Accurate Injection Molds company)
CIF	Cost + Insurance + Freight
COM	Council of Ministers (of Ethiopia)
EDHS	Ethiopia Demographic and Health Survey
ERCA	Ethiopian Revenue and Customs Authority
ETB	Ethiopian Birr (currency)
FMoH	Federal Ministry of Health
IRC	An independent, non-profit WASH organization based in The Hague
MoFEC	Ministry of Finance and Economic Cooperation
NGO	Non-governmental organization
PSI	Population Services International
SATO	Safe Toilet (also known as 'SaTo'), a toilet pan manufactured by Lixil Corporation
SNV	Netherlands Development Organisation
USAID	United States Agency for International Development
USD	United States Dollar
VAT	Value Added Tax
WASH	Water, sanitation and hygiene
WHO	World Health Organization
WHT	Withholding Tax

References

A research synthesis from PSI titled “Expanding Access to Menstrual Hygiene Products for Adolescent Girls and Young Women in Ethiopia, 2018

A Power Point Presentation Slides from JEGNIT Social Movement, managed by Amygdala Creatives Trading PLC (A Social Impact Company) in collaboration with Ministry of Women, Children and Youth, 2019.

A published Article from Pace University, DigitalCommons@Pace titled “Tampon Taxes, Discrimination and Human Rights

An email from a Manufacturer of Reusable Sanitary Pad on Issues of “No Pad Taxation Movement”

Also –(from PF): Ethiopian Press Agency article on Jegniti's advocacy campaign:
<https://www.press.et/english/?p=6041#>

EDHS, 2012. Ethiopia Demographic and Health Survey 2011. Central Statistical Agency, Addis Ababa, Ethiopia and ICF International, Maryland, USA.

ERCA, 2002. Proclamation 285/2002. Value Added Tax. Available at [ERCA website](#).

ERCA, 2011. Imports and Taxes in Ethiopia. Ethiopian Customs and Revenue Authority.

ERCA, 2017. Tariff Book (end of) 2017. Available at [ERCA website](#).

Council of Ministers, 2001. Council of Ministers Regulations to Provide for the Application of Tax Withholding Scheme. COM Regulations No. 75/2001.

Council of Ministers, 2002. Regulations No. 78/2002 Issued Pursuant To The Income Tax Proclamation.

Council of Ministers, 2007. Council of Ministers regulations to provide for the payment of sur-tax on import of goods. Council of Ministers Regulations No. 133 /2007.

Esrey et al., 1991. Effects of improved water supply and sanitation on ascariasis, diarrhoea, dracunculiasis, hookworm infection, schistosomiasis, and trachoma. Bulletin of the World Health Organisation, 69(5).

Fewtrell et al., 2005. Water, sanitation, and hygiene interventions to reduce diarrhoea in less developed countries: a systematic review and meta-analysis. The Lancet, Volume 5, Issue 1.

FMoH, 2017. On-site Household Latrine Technology Option Planning Design, and Construction Manual. Federal Democratic Republic of Ethiopia Ministry of Health, November 2017.

Government of Ethiopia, 2001. Proclamation 227/2001. A Proclamation to Amend the Income Tax.

Government of Ethiopia, 2002. Income Tax Proclamation No. 286/2002.

Hutton et al., 2007. Global cost-benefit analysis of water supply and sanitation interventions. Journal of Water and Health 5 (4).

JMP, 2017. Progress on Drinking Water, Sanitation and Hygiene 2017. Joint Monitoring Program (WHO & UNICEF).

Maleta, 2006. Undernutrition. Malawi Medical Journal 18 (4).

Mara et al., 2010. Sanitation and Health. PLoS Medicine Volume 7 Issue 11.

PMA website for info on MHM statistics in ETH <https://www.pma2020.org/MHM/Ethiopia/2017/2>

UNICEF, 2019. UNICEF Ethiopia website, WASH programme: <https://www.unicef.org/ethiopia/water-sanitation-and-hygiene-wash>

Waddington et al., 2009. Water, sanitation and hygiene interventions to combat childhood diarrhoea in developing countries. International Initiative for Impact Evaluation, Synthetic Review 001.

WHO, 2019. Fact Sheet on Sanitation. <https://www.who.int/news-room/fact-sheets/detail/sanitation>.

World Bank, 2010. Water, Sanitation and Children's Health - Evidence from 172 DHS Surveys. Policy Research Working Paper 5275.