INNOVATIONS FOR SUCCESSFUL SOCIETIES

Funding Development: Ethiopia Tries to Strengthen its Tax System

In its 2006 national vision to end poverty, Ethiopia set its sights on becoming a middle-income country by 2025. The goal was ambitious for a country that, at the time, was one of the poorest in the world. To support development objectives put on hold during a decade of political turbulence, the Ethiopian government sought to expand its resources by boosting tax revenues. It merged its separate customs and domestic tax offices and restructured the new agency's operations along functional lines. Then it increased salaries, adopted stringent anticorruption rules, implemented a modern information technology system, and launched public awareness campaigns. Although progress stalled in 2013, a new round of IT and legal reforms in 2016 helped increase tax collection significantly and in 2018, under a new prime minister, the government began to take further steps to strengthen tax collection. This case study profiles the story.

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A market trader at Merkato Market, Addis Ababa, Ethiopia. Photo by Antony Robbins, March 2008.

Featured ISS Interview

In this interview **Tatiana Andía**, Assistant Professor of Sociology at the Department of

Sociology at the University of Los Andes in Bogota, describes efforts to reduce the cost of pharmaceuticals in Colombia. Andía served as advisor to Colombia's Minister of Health Alejandro Gaviria Uribe. At the time, the cost to the government of expanding health care coverage had exploded. A large share of the cost increases came from pharmaceuticals. The government pursued a two-pronged effort to contain these expenses, focused both on reducing doctors' incentives to prescribe higher-priced therapies or treatments of uncertain effectiveness and on controlling the prices drug companies charged. She explains the system developed to regulate prices, as well as the negotiations to implement the system, which collapsed at the last minute.

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