

APPROACH TO PREDICTING SOCIAL IMPACTS OF ENVIRONMENTAL TAXES AND OTHER FISCAL MEASURES IN ZAMBIA



Kayula Chimfwembe

Ministry of Finance and National Planning

2025

OUTLINE

- ◇ Introduction
- ◇ Overview on Environmental Taxes in Zambia
- ◇ Approach to Impact Assessments
- ◇ Recommendations
- ◇ Conclusion

INTRODUCTION

- ◆ Environmental problems like waste management, transportation emissions, energy deficiency due to droughts, deforestation, and air and water pollution are important concerns that can be successfully resolved with carefully thought-out economic policies in the form of Green Fiscal Reforms.
- ◆ These reforms can discourage destructive behaviour, encourage sustainable methods, and raise money for environmental preservation.
- ◆ Countries implementing these fiscal reforms contribute to the global environmental sustainability goals.

Overview of Environmental Taxes in Zambia

- ◆ Zambia has implemented taxes/levies that are intended to reduce emissions, mitigate environmental degradation, and encourage the use of clean energy.
- ◆ The charges currently in place are:
 - carbon emission surtax,
 - Excise duty on hydrocarbons: diesel, petrol, fuel oils
 - Excise surcharge on second-hand motor vehicles
 - Excise duties on plastic bags (15-20%), coal, and cigarettes
- ◆ Tax measures to support the usage of clean energy
 - VAT zero-rating of solar and renewable energy equipment
 - Duty-free on importation of clean energy equipment
 - Withholding tax rate of 0% on interest income earned from green bonds listed on a securities exchange

APPROACH TO SOCIAL IMPACT ASSESSMENTS

- ◆ The Zambian government, through ZEMA, conducts Environmental Impact Assessments (EIA) for various projects to identify, predict, and evaluate potential positive and negative impacts a project may have on the environment.
- ◆ Business Regulatory Act (2014), Sec 6 (2) (c) provides a legal basis for conducting regulatory impact assessments.
- ◆ However, no comprehensive Social Impact Assessments (SIAs) have been done on the mentioned fiscal measures implemented to promote environmental sustainability.
- ◆ Lack of SIAs in Zambia is attributed to limited technical expertise, data, and resources to undertake rigorous assessments.

RECOMMENDATIONS

1. Build technical capacity i.e training and tools
2. Enhance household data quality and availability to support analysis
3. Strengthen public engagement and incorporate feedback in policy design
4. Integrate social impact assessments into the policy design process for all environmental taxes and fiscal measures

CONCLUSION

- ◆ To make sure that environmental policies accomplish their goals without making poverty and inequality worse, it is crucial to forecast how environmental taxes and fiscal measures will affect society. Through a more methodical and comprehensive approach, the government can create policies that are socially just and environmentally beneficial.

THANK YOU!!!!