

Implementing Social Mitigation and Social Welfare Mechanisms on Environmental Tax : NAMIBIA



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INTRODUCTION AND BACKGROUND OF ECONOMIC ENVIRONMENT IN NAMIBIA

Namibia has introduced **environmental taxes** July 2016 as part of its broader strategy to:

- promote sustainable development,
- reduce environmental degradation, and
- generate revenue for social welfare and mitigation programs
- Transport Taxes- **Carbon Emission Tax**: Levied on vehicle imports based on their engine capacity and emissions, higher on second hand vehicles, Tyre
- Energy Product- Unleaded petrol, Diesel
 - Waste management- Tyres, Lubricants, batteries
 - Recourse Taxes- Timber, diamond
 - Ozone Depleting Substance- CFCs, Halon
 - Others
 - Plastics levy
 - **Excise Duties on Fossil Fuels**:
 - Roads wheel & Lim
 - Lamps
- **Electricity Levy**: A charge on electricity consumption to fund renewable energy projects. However Namibia did not yet introduce yet the Carbon Pricing Taxes

Role Players in Environmental Taxation

- Namibia Revenue Agency- collection of duties and taxes
- Other Government Ministries e.g Ministry of Finance, Environment and forestry, Agriculture , land

ENVIRONMENT INVESTMENT FUND OF NAMIBIA ACT, 2001

- **Objects of Fund** . The objects of the Fund are to procure moneys for the maintenance of an endowment fund that will generate income in perpetuity and to allocate such income to activities and projects aimed at promoting - Government Gazette 22 December 2001 No.2669 Act No. 13, 2001
- (a) the sustainable use and management of environmental and natural resources;
- (b) the maintenance of the natural resource base and ecological processes;
- (c) the maintenance of biological diversity and ecosystems for the benefit of all Namibians; and
- (d) economic improvements in the use of natural resources for sustainable rural and urban development.

Negative Externalities of social welfare

- The burning of fossil fuel- in mining, manufacturing also oil from households, motor vehicles and heavy industrial machines, emits carbon dioxide into the atmosphere, which pollutes air and damages the greenhouse, a natural atmospheric barrier that protects earthly life from ultraviolet or from exposure to extreme sun heat.
- Unequal resources distribution of resources- (mining,) communities may lose their land without being properly compensated, which can lead to more poverty
- Copper Smelting produces particularly toxic waste products (arsenic trioxide and Sulphur dioxide) which break in the air in 2016, the air smelt of rotten eggs and garlic in Tsumeb residents recall that irritated mucous membranes.
- Environmental taxes on inelastic consumer products, such as energy, may have a negative effect on lower income households.
- Toxic waste production by firms generates pollution which can cause harm
- Consumers bear the tax, and have no choices

Social Mitigation Measures to Address the Impact of Environmental Taxes

➤ Revenue Redistribution for Social Programs

Some of the revenue from environmental taxes is allocated to social welfare programs, including **poverty alleviation projects** and **subsidies for low-income households** (e.g Solar power from ministry of energy subsidies at lower rate 5% for 5 year , for rural areas that aim to use as electricity and clean cooking energy at the same time reducing deforestation since people depend on firewoods)

Creation of employment Green jobs, support to the communities , through projects

➤ **The levy on plastic carrier bags was implemented on 2 August 2019, which aimed to reduce plastic bag use and generate income that will be ploughed back into waste management- related activities**

➤ **, to be used for defraying the costs of administration of the levy, building recycling facilities and associated infrastructure, and running environmental education programmes. Administration of this fund costs less than 5% of the revenue collected.**

➤ **Permit or licences**



Challenges

Lack of expertise in Environmental taxes



Public Resistance



Enforcement issues and Political support



THANK YOU FOR YOUR ATTENTION !