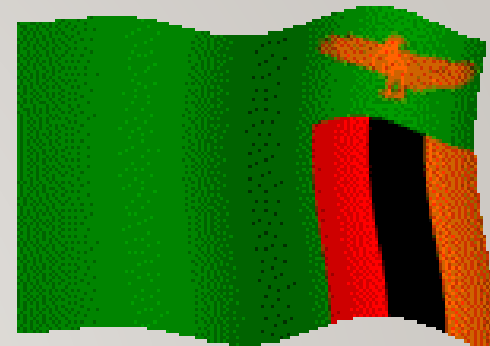




Ministry of Finance and National Planning



LAUNCH OF THE STUDY “GREEN TAX POLICY IN ZAMBIA”

2023

OUTLINE

- INTRODUCTION
- MOTIVATION FOR THE STUDY
- EXPECTED STUDY BENEFITS
- CONCLUSION

INTRODUCTION

- The Government's key objectives encompass restoring macroeconomic stability, fiscal and debt sustainability, and creating fiscal space.
- Climate change has had detrimental impacts on the Zambian economy, negatively affecting livelihoods and revenue generation.
- The country is grappling with significant debt challenges and is currently engaged in negotiations with creditors for debt restructuring.
- There is a low level of revenue mobilization in comparison to the pressing needs across various sectors in the country.
- The current fiscal situation in Zambia underscores the urgency of mobilizing additional revenues to support development initiatives.

CONT'D

- Many low- and middle-income countries (LMICs), including Zambia, have underutilized environmental taxes.
- Zambia is committed to the Paris Climate Agreement and aims to reduce national emissions, adapt to climate change impacts, and transition to a green economy.
- The 8th National Development Plan (8NDP) in Zambia emphasizes the development of a sustainable, inclusive, climate-resilient, and low-carbon green economy.
- Green fiscal reforms offer a double dividend by creating fiscal space for recovery and sustainable development, and
- Implementing green fiscal reforms enables countries to fulfill their international environmental commitments

MOTIVATION FOR THE STUDY

- With the Support of GIZ, the Government initiated the development of the green tax policy reforms in Zambia study.
- The Objectives included:
 - i. Exploration of new environmental tax bases and their potential to mobilise additional domestic revenue;
 - ii. Alignment of environment reforms to the Eighth National Development Plan;
 - iii. Addressing environmental challenges effectively and efficiently; and
 - iv. The prevention or mitigation of negative effects on economic competitiveness or social equity through targeted support measures and Instruments.

EXPECTED STUDY BENEFITS

- Review existing green fiscal reforms and their effectiveness.
- Identify better targeting of instruments used in addressing environmental challenges.
- Identify potential sources of revenue mobilization from the green economy.
- Align fiscal reforms to Zambia's commitments at the global level.
- Explore various opportunities existing in the green economy.
- Assess the social and equity impacts of green fiscal reforms and ensure inclusivity in the transition to a green economy.

CONCLUSION

- The urgency to mobilize additional revenues and adopt green fiscal reforms is evident, as it not only addresses environmental challenges but also supports sustainable development and the protection of local environmental goods.
- Understand recommended green fiscal reforms crucial for Zambia to achieve its objectives of macroeconomic stability, fiscal sustainability, and creating fiscal space.
- The adverse effects of climate change on the Zambian economy highlight the need for a transition to a green economy, aligning with commitments under the Paris Climate Agreement.
- Understand the recommendations to enhance revenue mobilization which is imperative to meet the pressing needs in various sectors and support the country's development goals.

END

• THANK YOU