

# Mozambique's Groundbreaking Environmental Tax on Packaging: Could this Tax Bring a New Era on Waste Management in the Country?

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## Key words:

Environmental Tax on Packaging  
Mozambique  
EPR  
DINAB

Africa RISE (Reform for Investment and Sustainable Economies) is a technical assistance facility funded by the European Union and implemented by a consortium led by Landell Mills, with support from Adam Smith Europe, Imani Development and International Economics Consulting. Its aim is to promote business development and improve the investment climate in eastern Africa, southern Africa and the Indian Ocean in support of inclusive and sustainable growth, job creation and decent work.

This paper provides key insights from the work supported by Africa RISE on the implementation of the Environmental Tax on Packaging or Taxa Ambiental sobre a Embalagem (TAE) in Mozambique, highlighting the benefits such a system could bring to the Government of Mozambique on its journey to improve the waste management system in the country.

We hope these findings will be useful to governments or/and government agencies contemplating similar reforms in other countries or in similar context.

## Africa RISE at a glance

Technical Assistance Facility

Funded by EU

A four-year programme

Started in December 2020

25 countries in Eastern and Southern Africa and the Indian Ocean

100+ projects funded

74 unique organisations provided with support

55% of its investment contributes to the Global Gateway

30% of investments are in Climate & Energy (Africa RISE project map included)

The collaboration between the Ministry of Land and Environment (MTA) and the EU funded Africa RISE <https://www.eu-africa-rise.com/> started in June 2022 when the Facility was asked to support MTA with finalising and making the preparations to implement the tax on primary packaging, produced and imported (TAE). The support was provided to the National Directorate of Environmental (DINAB) through to the end of 2023, and concluded with the design of the new policy and the systems required to operationalise it, adding significant steps towards the approval of the Ministerial Decree.

The TAE policy aims to make polluters pay for the cost of managing packaging waste by charging a tax on primary packaging of products produced in or imported to Mozambique. The tax varies by packaging material, their cost of collection and impact on the environment. 60% of the funds raised will flow to the state budget and 40% will be allocated for waste management

purposes which will be managed by a fund manager.

The TAE decree introduced COMAGE (Comissão de Monitoria e Avaliação de Gestão de Embalagens- the Packaging Management Monitoring and Evaluation Committee), a multistakeholders public-private commission that will supervise the fund (as fund manager) and monitor and coordinate the implementation of the TAE.

The partnership with MTA continued into 2024, when Africa RISE support expanded towards the development of a digital system (e-TAE), with the e-TAE prototype now available on-line (<https://tae-mz.org/>)<sup>2</sup>. Considering that Mozambique has some 5000 import clearances at its borders everyday, digitalizing TAE was recommended to more effectively manage TAE, increase transparency while also removing the workload for customs and other civil service departments.





## The Context

In Mozambique, the number of people residing in urban areas has tremendously increased, from 3.3 million in 1990 to over 13.1 million in 2023, around 38% of the population live in urban areas<sup>3</sup>. This rapid urbanization, combined with increasing economic activity, has led to a substantial growth of waste volumes. To date, over 98% of collected waste is being disposed of at uncontrolled dumpsites. This results in significant greenhouse gas emissions of 1.5 million tonnes CO<sub>2</sub> per year and causes serious health threats to the people living in surrounding areas. Packaging material is a key contributor to such waste.

In 2017, the government of Mozambique approved a new regulation on the Extended Responsibility of Producers and Importers of Packaging material (EPR Regulation), as stipulated in the Decree n° 79/2017. The regulation lays down principles and rules relating to the responsibility of the producers and importers of packaging. Among other aspects, an Environmental Tax on Packaging (TAE) is introduced. The TAE requires large-scale manufacturers to take increased

financial responsibility for what happens to packaging like cardboard, PET bottles and aluminium cans once it enters the waste streams. The ETP is variable depending on the type of packaging, its impact on the environment and on the public health as well as the complexity of its treatment in Mozambique.

The proceeds of the TAE will be (partly) used to support investment in sustainable waste management infrastructure, with some of these infrastructure projects being developed under the ValoRe Presidential Initiative lunched by His Excellence President of Republic of Mozambique to building Infrastructure for treatment and disposal of non-hazardous waste at national level. The regulation also introduces a packaging standardization system: in this system, symbols specific to reusable, recyclable or recoverable packaging are proposed to be adopted.

The modalities of charging the Environmental Tax on Packaging Material have been further detailed in a Ministerial Decree, which was drafted in 2021 by a team of lawyers. The draft Ministerial Decree has

been approved by the Ministry of Land and Environment (MTA) and is currently pending the approval from the Minister of Industry and Commerce and the Minister of Economy and Finance. However, this approval was delayed. In spite of the consultation process which took place, some private sector actors in particular from the packaging industries were still concerned about the implementation of the tax which delayed in signing off the diploma.

This is an area that the National Directorate of Environmental (DINAB) needed support with so that the Ministerial Decree is approved and implementation could start.

In mid 2022, EU Africa RISE started to provide support to the Mozambican National Directorate of Environment towards building the necessary consensus and making necessary adjustments to the TAE so that the Decree on the Environmental Tax on Packaging is approved. This support led to amendments to the Diploma and a key recommendation that a digital system (e-TAE) is developed to manage TAE.





# The Solution

The operationalisation of the Environmental Packaging Tax, brought in by Decree No. 79/2017, of 28 December, of the Ministry of Land and Environment, aims to adopt principles, standards and guidelines to make producers and importers of packaging and waste responsible, with a view to protecting the environment.

Mozambique is on the cusp of revolutionizing its waste management system with the introduction of the Taxa Ambiental sobre a Embalagem (TAE), a pioneering environmental tax on packaging. Set to be fully implemented in 2025, the TAE is poised to make a significant impact on the country's environmental sustainability and economic landscape.

The TAE is a bold and innovative policy that has the potential to transform waste management practices. It is a government-led initiative that aims to make producers and importers of packaging responsible for the environmental impact of their products. By charging a tax on primary packaging, the TAE will generate substantial revenue that can be used to fund better waste management infrastructure and services.

In November 2024, TAE was approved. The approval of the TAE policy has had the very impactful knock on effect. Soon after, the EU approved initial support of Euro 18.6 million from the Mitigation Action Facility, helping Mozambique to invest in waste management infrastructure.

"During an event on the sidelines of COP29 in Baku, the Government of Mozambique received special recognition for the progress made in its circular economy agenda.

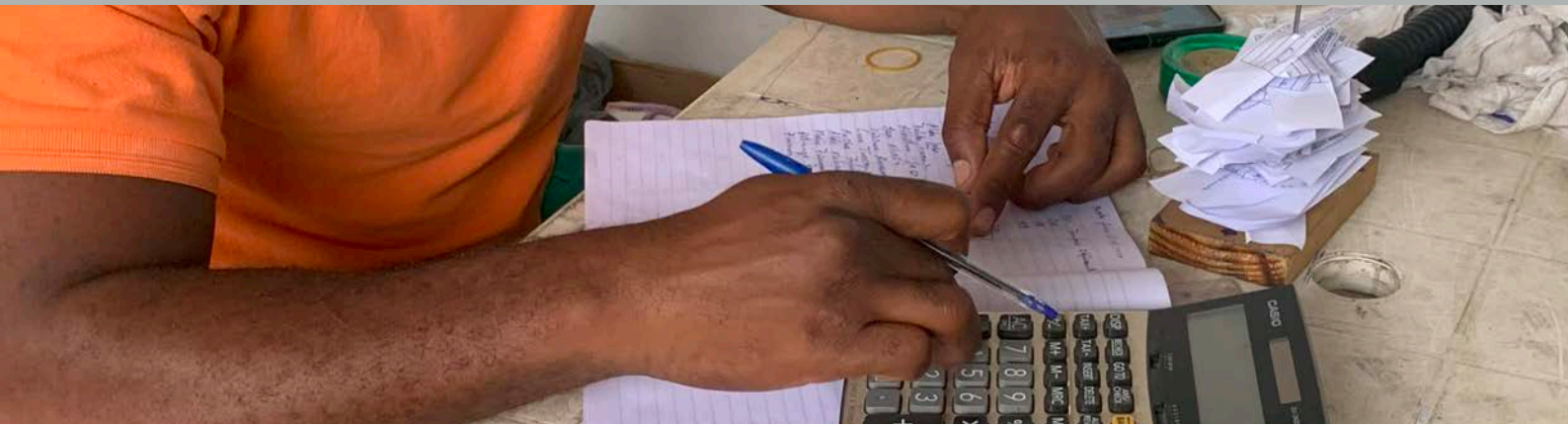
The country has been praised for its recent adoption of the Environmental Packaging Tax, which forms part of the broader regulatory framework of Extended Producer Responsibility.

"The Environmental Tax on Packaging will be key to strengthening recycling and promoting a more circular economy," stated the Director of the Mitigation Action Facility, Soeren David.

The Environmental Tax on Packaging integrates the Presidential Initiative ValoRE, which aims to build sustainable waste treatment infrastructures in all provinces of the country.

The ValoRE Initiative is receiving initial support from the Mitigation Action Facility in the amount of €18.6 million." <sup>4,5</sup>





## The Benefits

### Efficiency:

The TAE is a highly efficient policy tool that can be implemented swiftly, unlike traditional Extended Producer Responsibility (EPR) regulations that often require years of consensus-building and negotiation. This makes the TAE an attractive model for other countries seeking to improve their waste management systems.

### Revenue Generation:

The TAE is expected to generate an estimated USD 50 million per year in additional public funds, providing a much-needed boost to Mozambique's waste management budget. This revenue will be used to finance initiatives such as selective collection, reuse, recycling, and waste recovery systems, as well as the construction and maintenance of environmental infrastructure.

### Fostering inward Investment:

The regulation sends a major signal to investors interested in financing recycling and waste management capacity in the country. This regulation will boost the collection of recyclables that will require a massive investment in waste management infrastructure.

### Environmental Protection:

By promoting the recovery and recycling of packaging waste, the TAE will help to reduce pollution and protect Mozambique's natural environment. This will have a positive impact on public health and the overall quality of life in the country.

### Compensations for proactive companies:

Under the TAE regulation proactive companies that are able to collect their packaging waste and deliver it to approved final destinations (recyclers), will be able to claim compensation on the majority of the TAE tax paid.

### Sustainable Company practices:

The TAE is expected to create new jobs and business opportunities in the waste management sector, contributing to Mozambique's economic growth. It will also incentivize companies to adopt more sustainable packaging practices, leading to innovation and greater efficiency in the use of resources.





## The Niche

"TAE offers a bolder and more innovative approach than traditional Extended Producer Responsibility regulations".

Thierry Sanders, EU Africa RISE TAE expert

The TAE stands out as a bolder and more innovative policy compared to traditional EPR regulations due to several key factors:

### Government-Led Initiative:

Unlike most Extended Producer Responsibility (EPR) regulations that are implemented through consensus-building among various stakeholders, the TAE is a government-led initiative that allows for swift implementation and greater control over the use of funds. This approach is particularly beneficial in countries where private sector lobbying can hinder the progress of environmental policies.

### Single Tax System:

The TAE replaces the complex mix of import duties, municipal waste collection taxes, and recycling taxes that are prevalent in many countries. This streamlined approach simplifies administration and ensures that all funds are directed towards waste management purposes.

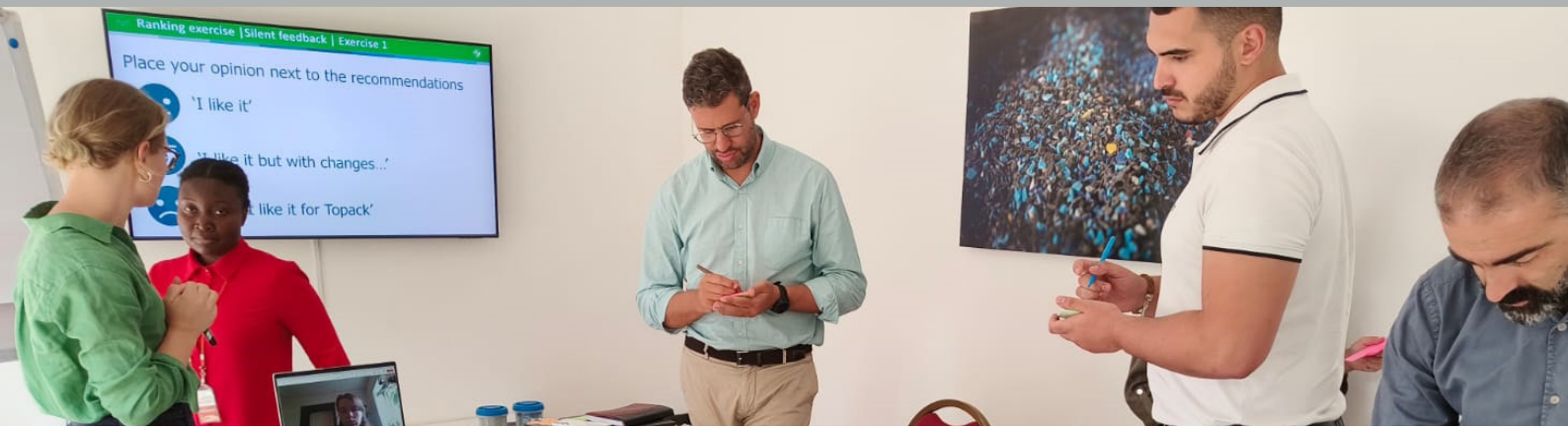
### Focus on Waste Recovery:

The TAE prioritizes waste recovery and recycling by providing financial incentives to companies that actively participate in these efforts. This proactive approach is more effective than traditional EPR regulations that often focus on setting targets without providing adequate support for their achievement.

### Adaptability:

The TAE is designed to be adaptable to changing circumstances, allowing the government to adjust fees and policies as needed to ensure the effectiveness of the system. This flexibility is crucial in a dynamic environment where waste management needs can evolve rapidly.





## E-TAE, A Technological Leap Forward

At the heart of the TAE policy is the innovative eTAE system (<https://tae-mz.org/>)<sup>6</sup>, a pioneering digital platform that sets Mozambique apart in the global waste management landscape. This system allows companies to self-declare their packaging volumes, which are then verified by third-party or government inspectors. This approach not only simplifies the reporting process for businesses but also ensures transparency and accountability in the collection of EPR packaging fees. The basic premise of an “e-TAE system” is that every company importing or producing products with primary packaging into Mozambique will register their company and

their products including packaging weights and materials of each item in the system. In this way, after the initial effort of entering all this data, each import movement or production batch can easily be added into e-TAE by indicating the number of units imported or produced. The system can then easily calculate the packaging weights and associated TAE owed. TAE will be calculated as a fee per packaging material type. Imported packaging will be charged at customs clearance by the customs authority. Products produced domestically that have primary packaging will be charged once a year.

The eTAE system's connection to the government's customs authority system further enhances its efficiency. By integrating with the existing import and export control infrastructure, the eTAE system streamlines the collection of TAE fees at the border, minimizing delays and administrative burdens for both businesses and the government.



# Key Takeaways

- The TAE is a groundbreaking policy that has the potential to transform Mozambique's waste management system and serve as a model for other countries around the world.
- It's a bold and innovative approach, combined with its focus on efficiency, environmental protection, and economic development, makes it a truly unique and promising solution to the global waste challenge.
- The TAE prioritizes waste recovery and recycling by providing financial incentives to companies that actively participate in these efforts.
- At the heart of the TAE policy is the innovative eTAE system, a pioneering digital platform that sets Mozambique apart in the global waste management landscape.
- As Mozambique embarks on this new era of waste management, the TAE stands as a testament to the country's commitment to environmental sustainability and economic progress.
- Mozambique is facing a growing tsunami of plastic waste and is expected to miss every target it has set. TAE seems to be the solution. Research on similar models introduced in the EU showed positive impact so far. However, TAE is in its early stages in Mozambique. It remains to be seen if it will bring the streams of funds , environmental or social benefits everyone is expecting to see.





# Global Gateway Project Map

● Climate & Energy	● Health
● Digital	● Transport
● Education & Research	●

## Regional - IOC

- Support for regional cooperation projects on women's entrepreneurship
- Regional Value chain and cabotage

## Regional - EAC

- EAC single digital market

## Regional - COMESA

- Regional circular economy
- Digital platform to manage waste recovery contracts in Kenya and Mozambique
- Women Trade platform

## Regional - SADC

- Circular economy and EPR platform
- Strategic transport corridors
- Improve circular business practices in construction in Namibia, Zimbabwe and Botswana
- Digital app for solid waste management Angola and Mozambique
- PRO EPR proof of concept in Rwanda and Zambia

## RWANDA

- CRM and Automotive Industry

## NAMIBIA

- Assessment study on e-commerce readiness in Namibia
- Support for implementation of e-commerce improvements
- Review data protection act
- Critical Raw Materials regional value chain opportunities
- Twinning Guidelines

## BOTSWANA

- Promoting investment and business climate reforms in Botswana's ICT sector
- National innovation framework
- Digital entrepreneurship package for women
- Innovation as a force for Growth Conference
- Pharmaceuticals feasibility study
- Investment Opportunities in the ICT sector

## ESWATINI

- E-commerce readiness assessment for Eswatini
- Bulembu village Renewable energy feasibility study
- Human development and social inclusion

## ANGOLA

- Circular economy Analysis
- Support for national waste conference
- Urban solid waste management strategy

## ZAMBIA

- Private sector action document support
- Copper wire industry market analysis
- Publication: Copper value chain market analysis

## TANZANIA

- Blue economy investment scoping study
- Tanzania's potential in the post-covid tourism global market

## MOZAMBIQUE

- Feasibility study for a plastic to lumbers
- Introduction of the Environmental Tax on Packaging
- Improvement of municipal solid waste management services
- Development of the Digital solution eTax
- Job opportunities for women in green sectors

## SEYCHELLES

- Single window for port users
- Domestication of FAL forms
- Further support for SEY port authority

## MAURITIUS

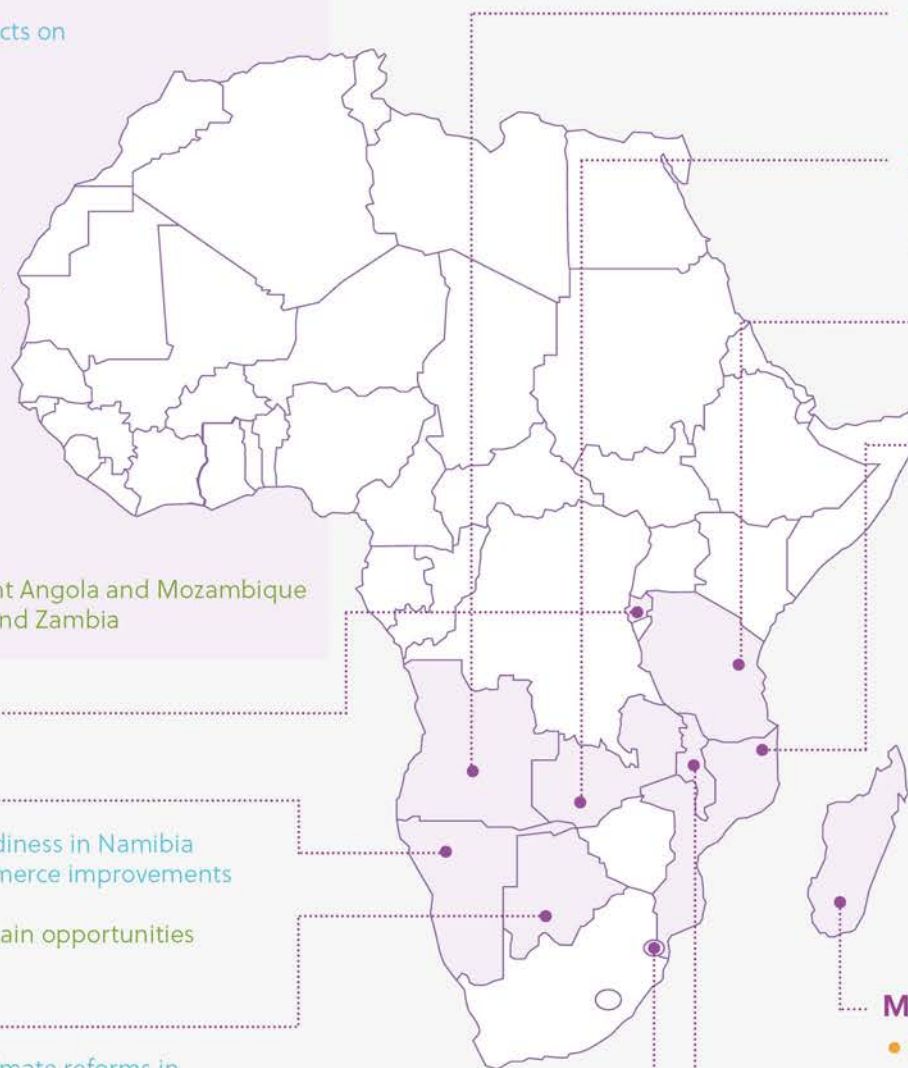
- Feasibility study into establishment of a vehicle scrapyards
- Strategy for development of Pharmaceutical and Biotechnology sectors
- Strategy for development of biotechnology and pharmaceuticals (Event)

## MADAGASCAR

- Change management and dialogue for reforms
- Peer to peer learning on digital transformation

## MALAWI

- Productive Use of Renewable Energy



# Footnotes

<sup>1</sup>At the time of writing this paper we learnt that TAE Diploma has been approved (Nov 2024)

<sup>2</sup>the prototype is an open source; contact Africa RISE [mihaelab@eu-africa-rise.com](mailto:mihaelab@eu-africa-rise.com) or [mohaela.balan@me.com](mailto:mohaela.balan@me.com) if you want to see how e-tae is working or to access the prototype

<sup>3</sup>The World Bank forecasts indicate that 50 to 60% of the Mozambican population will be living in cities by 2050, for a total of 30-36 million urban residents ([https://unhabitat.org/sites/default/files/2023/07/mozambique\\_country\\_brief\\_final\\_en.pdf](https://unhabitat.org/sites/default/files/2023/07/mozambique_country_brief_final_en.pdf))

<sup>4</sup>The programme is being implemented through a partnership between the Ministry of Earth and Environment of Mozambique and the Belgian Development Agency (Enabel).

<sup>5</sup><https://clubofmozambique.com/news/mozambique-mitigation-action-facility-donates-e18-6m-for-waste-treatment-271027/>

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