



Executive summary of the audit report

APPLICATION OF THE PRODUCER RESPONSIBILITY PRINCIPLE

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SUMMARY

Importance of the Audit

The strategic long-term goal of waste management is to ensure waste management that is safe for both human health and the environment. The producer responsibility principle, applied in order to meet this goal, specifies that producers and importers are responsible for the environmental impact of the products and packaging they supply to the internal market during their entire life-cycle – from the moment of production to the safe management of resulting waste.

The producer responsibility principle was adopted in Lithuania more than 10 years ago, and applies to 9 types of waste. Products and packaging are supplied to the internal market by approximately 15,000 producers and importers; there are 8 organisations that represent producers and importers; in 2013-2015, waste was managed by no less than 159 waste management operators who have the right to issue relevant documentation.

In order to reduce pollution of the environment with waste, and ensure appropriate and safe waste management, institutions responsible for implementing public environmental protection measures are currently implementing controls on the application of the producer responsibility principle.

The implementation of the producer responsibility principle is relevant to every resident because, upon purchasing products and packaging filled with such, they pay for the management of resulting waste. During inspections, institutions tasked with implementing controls often determine that some producers and importers fail to discharge their duties, and ensure the management of waste that results from relevant products and packaging. In cases where producers and importers fail to manage waste, residents are forced to pay for the management of a part of said products and packaging.

The Goal and Scope of the Audit

The audit was designed to assess whether the system in place is sufficient to ensure effective application of the producer responsibility principle.

Key questions posed during the audit were as follows:

- is the state in possession of reliable information about the products and packaging supplied to the market, and the management of resulting waste?;
- do producers and importers succeed in organising and funding the management of all waste resulting from their products and packaging?;
- are the controls and monitoring of the producer responsibility principle sufficient?

The Ministry of Environment was selected for the audit, because it regulates and administers the management of all waste, oversees the implementation of set requirements and tasks, coordinates the activities of other public and municipal institutions in the area of waste management, and seeks additional sources of funding to fund waste management projects developed by public and municipal institutions.

The period of audit – 2013-2015. In some cases, in order to compare data and assess changes, data collected during 2016-2017 (before 01 September 2017) was also used. The audit was carried out in accordance with public audit requirements and international standards applicable to supreme audit institutions. A more detailed description of the scope and methodology of the audit is provided in Annex No. 2, "The Scope and Methodology of the Audit" (p. 36).

Key Findings of the Audit

The audit was set up to rest on the assumption that effective application of the producer responsibility principle requires that producers and importers manage the waste resulting from the products and packaging they supply to the internal market, and pay an environmental tax in case of failure to comply with such; the development of a clear and complex mechanism for controlling waste management operators, capable of ensuring that said operators issue waste management documents only for waste that was processed in accordance with set requirements; and the reliance of the planning and implementation of public environmental control measures on reliable and correct data on producers and importers who supply products and packaging to the internal market, as well as the quantity of supplied products and packaging, and collected and processed waste.

The audit revealed that the producer responsibility principle still fails to ensure that producers and importers discharge their duty to manage product and packaging waste.

The State Lacks Correct and Reliable Data on the Products and Packaging Supplied to the Internal Market, as well as the Management of Resulting Waste

Producers and importers fail to appropriately discharge their duty to register in the Register of Producers and Importers, and either fail to declare the amount of products and packaging provided to the internal market, or do so incorrectly. In 2014-2016, producers and importers had failed to declare over 3,200 t in products and packaging provided to the internal market. This provides producers and importers with the opportunity to avoid the management of waste, and the payment of environmental tax.

Waste management operators submit incorrect data on the quantities of processed waste, and fail to address identified shortcomings in a timely manner. The Environmental Protection Agency fails to accept and assess part of the waste management reports, and provides an opportunity for data stored in the system to be accidentally or unlawfully destroyed or altered, which leads to the unreliability of the waste management data submitted to the European Commission and available publicly.

Producers and Importers Organise and Fund the Processing of only some Products and Packaging Waste

Given that producers and importers fail to fund the recycling and processing of waste that ends up in the flow of mixed residential waste, the cost is transferred to residents themselves.

Even though residents have been provided with the opportunity to bring electric and electronic waste to large-scale waste collection facilities, with producers and importers failing to fund the operation of such facilities, the cost of waste management is transferred onto the shoulders of residents.

Having inspected waste management operators and determined that waste management documents are being issued unlawfully, regional environmental protection departments fail to take action to address the approvals which allow producers and importers to be relieved of taxes. This leads to waste remaining unprocessed, and environmental taxes unpaid.

Controls and Monitoring of the Application of the Producer Responsibility Principle are Insufficient

The absence of a transparent and objective system for the selection of producers and importers included in the annual inspection plans leads to the failure to ensure the inspection of the most risky producers and importers. Regional environmental protection departments use different inspection practices for inspecting producers and importers included in the annual inspection plans.

When planning and conducting inspections of waste management operators, regional environmental protection departments fail to coordinate their actions, and tend to document said inspections in different ways, which makes it difficult and, in some cases, even impossible to make use of the results of inspections conducted by other departments.

Institutions responsible for implementing public environmental protection measures had failed to take measures to coordinate the operation of regional environmental protection departments, and develop a consistent and continuously operational public environmental protection mechanism, which has resulted in the failure to ensure effective public environmental protection.

Conclusions

The current waste management system fails to ensure the effective implementation of the producer responsibility principle, because:

1. producers and importers are provided with the opportunity to neglect their duties, to process only some product and packaging waste, which they are obligated to process, and to avoid paying environmental taxes, which leaves the management of unprocessed waste in the hands of the state, and forces residents to pay extra for the management of product and packaging waste (Subsection 1.1, p. 11; Subsection 2.1, p. 18; Subsection 2.2, p. 20; Subsection 2.3, p. 22; Subsection 3.1, p. 26);
2. the lack of reliable and correct data on collected and processed waste, the absence of a clear and complex mechanism for the control of waste management operators, and the failure of institutions responsible for implementing public controls to coordinate their actions and cooperate with other institutions give rise to a situation where waste management documents are issued for unlawfully processed waste (Subsection 1.2, p. 14; Subsection 3.1, p. 28; Subsection 3.2, p. 32).

Recommendations

To the Ministry of Environment

In order to ensure the management of product and packaging waste, and relieve residents from paying extra for such, the following should be implemented:

1. ensure that producers and importers discharge their duty to process the waste resulting from the products and packaging they supply to the internal market, and pay environmental taxes in case of failure to comply with such (Conclusion 1);
- establish additional measures to ensure that all producers and importers who supply products and packaging to the internal market would register in the Register of Producers and Importers, and declare the products and packaging they had supplied to the market;
- periodically review, revise and update the data stored in the Register of Producers and Importers;
- establish an obligation for producers and importers to fund the management of waste which ends up in the flow of mixed residential waste;
- specify measures to ensure that producers and importers of electric and electronic equipment fund the collection and processing of resulting waste;
- establish an obligation for tire producers and importers to fund the operation of large-scale waste collection facilities;

- determine which producers and importers were relieved of the duty to pay environmental taxes, and ensure that said taxes are paid;
 - develop a transparent and objective system for the selection of producers and importers, capable of ensuring that the riskiest producers and importers are selected for inspection;
 - specify general principles and methods to guide all regional environmental protection departments in conducting inspections of producers and importers, and assessing their actions in a uniform manner.
2. Develop a clear and complex mechanism for controlling waste management operators, coordinate the actions of institutions responsible for implementing public environmental protection measures, and systematically cooperate with other institutions (Conclusion 2):
- specify means for waste management operators to submit and revise waste management reports within set time-limits in the new Product and Packaging Waste Accounting System (PPWAS) that is currently under development, and for the Environmental Protection Agency to ensure the control of waste management reports in a timely manner;
 - assess the expedience of conducting annual inspections of all waste management operators in possession of the right to issue waste management documents, and, if necessary, take the decision to conduct annual inspections of only those operators who had issued waste management documents during the previous calendar year, while inspecting other operators in accordance with identified risks;
 - develop a clear and complex mechanism for inspecting waste management operators in possession of the right to issue waste management documents (specify the sequence, contents and outcome documentation procedure for inspections of the central headquarters and related branches);
 - examine the opportunities of regional environmental protection departments to cooperate with other institutions, and specify cases where inspections should be conducted jointly with representatives of other institutions;
 - ensure the coordination and continuous, systematic cooperation of regional environmental protection departments.

Terms and measures for implementing recommendations are provided in, "The Plan for Implementing Recommendations" (p. 34).