

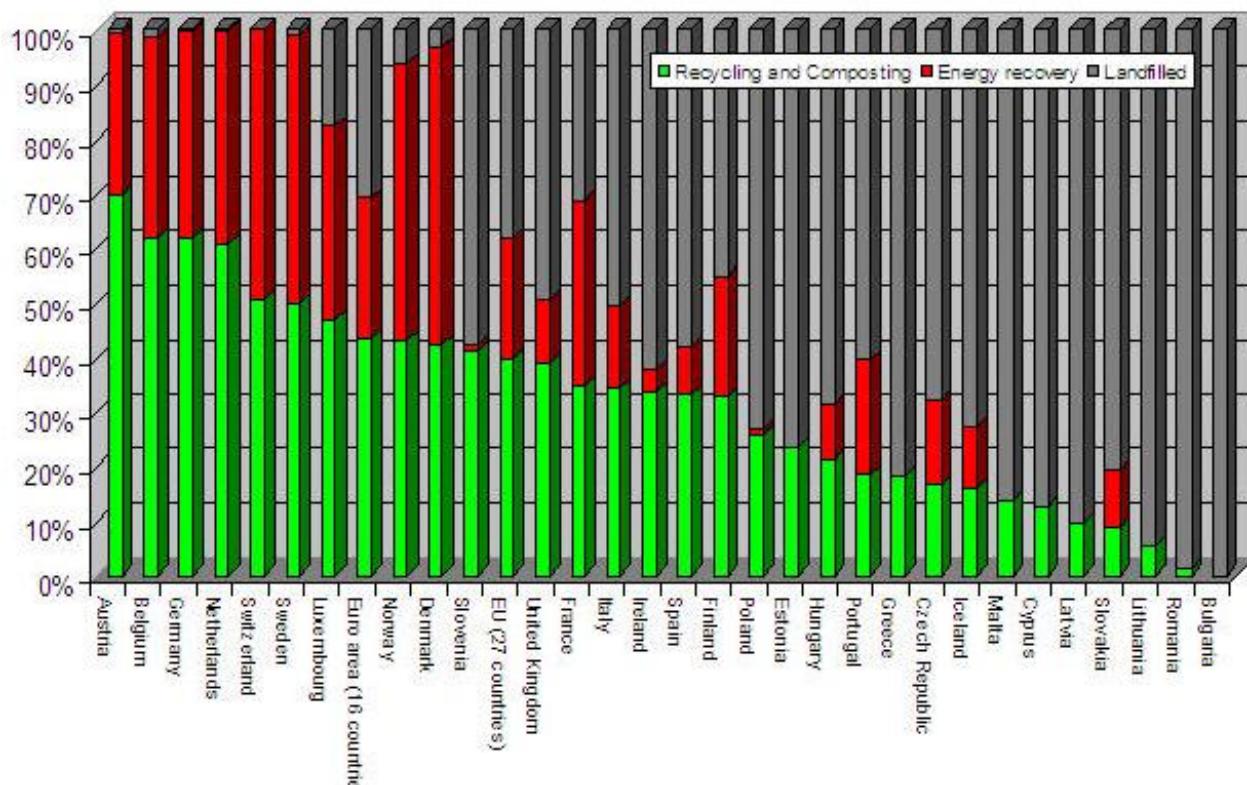
Impasse: How EU money is being used against EU waste policy

Introduction

It is well known that the sudden entry of consumer society into Central and Eastern Europe (CEE) has created a waste crisis for which the authorities have been unprepared, and that until now, insufficient action has been taken to address this issue. Governments and local administrations have mainly had to deal with a flood of single-use packaging and products with short lifespans which appeared in CEE with the arrival of market economies.

The European Commission and European Parliament have approved minimal standards and targets for waste management in member states. The main waste standards have been set by Waste Framework Directive (2008/98/EC), and the Landfill Directive (1999/31/EC). CEE countries can use European Funds as a financial tool helping them to meet the requirements of the Directives.

Graph 1: Data from 2010 on the percentage of municipal waste handling in the EU 27 (Eurostat)

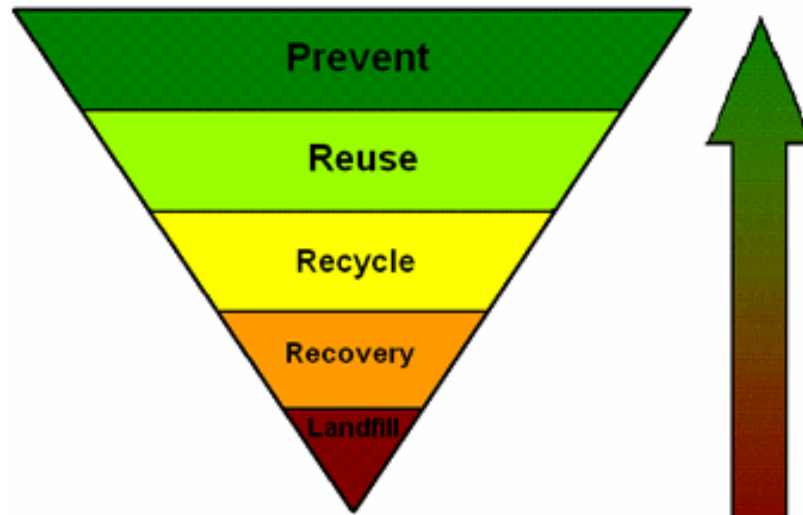


In CEE countries, the average household still produces much less waste than one in Western Europe. At the same time, most CEE countries recycle approximately three times less of their municipal waste, compared with more than 50% in Germany or the Netherlands (see graph 1). The priority for CEE countries in the upcoming years should be to prevent increases in waste volumes, while rapidly increasing separate collection recycling and composting.

This case study describes how money from European Funds in CEE countries is not spent in line with European Directives. We focus mainly on the waste hierarchy as one of the key principles of EU legislation.

The European waste hierarchy

The European waste hierarchy is a general guideline which has been developed over the last three decades. The hierarchy already appeared in the Fifth Action Programme for the Environment (1992-1999) and provides a preferred order of priorities for selecting and deciding upon waste management practices.



The current five-step waste hierarchy was applied by the revised Waste Framework Directive (2008/98/EC). Article 4 states:

"1. The following waste hierarchy shall apply as a priority order in waste prevention and management legislation and policy:

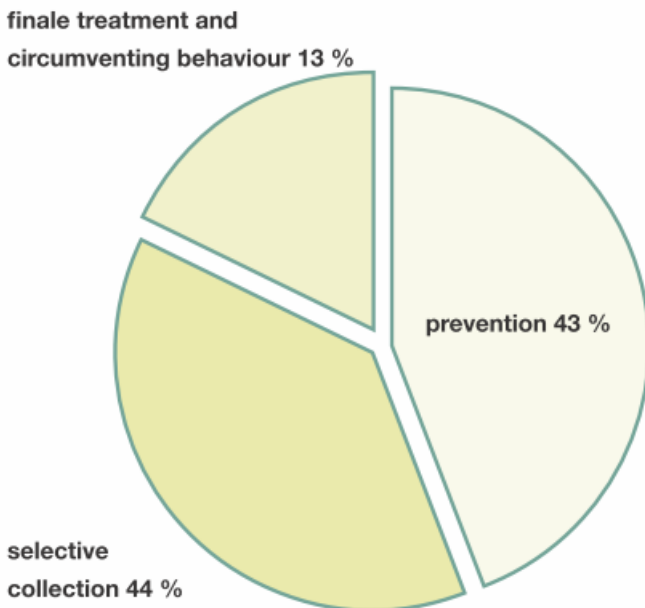
- (a) prevention;*
- (b) preparing for re-use;*
- (c) recycling;*
- (d) other recovery, e.g. energy recovery; and*
- (e) disposal.*

2. When applying the waste hierarchy referred to in paragraph 1, Member States shall take measures to encourage the options that deliver the best overall environmental outcome. This may require specific waste streams departing from the hierarchy where this is justified by life-cycle thinking on the overall impacts of the generation and management of such waste."

The message is clear: The first steps of the waste hierarchy have to take priority instead of the last steps in member states' legislation and policy, including Cohesion Policy. A positive example of member state waste policy being in line with European waste policy is the 2008 Flemish Implementation Plan for Environmentally Responsible Household Waste Management. The Belgian region of Flanders planned to spend the largest part of its financing for prevention, environmentally responsible consumption, product re-use and selective collection, recycling and marketing [1]. Graph 2 shows how the region planned to spend 87% of its waste budget for prevention, reuse and recycling and only 13% for final treatment.

Graph 2

Evaluation of the costs for the Flemish Region



In order to tackle this issue, new European strategies, such as the EC Roadmap to a Resource Efficient Europe have now given a clear signal that the waste hierarchy should be applied in cases where waste management funding is planned. The document [2] states: “Ensure that public funding from the EU budget gives priority to activities higher up the waste hierarchy as defined in the Waste Framework Directive (e.g. priority to recycling plants over waste disposal) (in 2012/2013)”.

The situation in CEE countries

CEE Bankwatch Network has undertaken some basic research in CEE countries. We asked the responsible officials from CEE countries for information about waste projects supported by the Operational Programme for Environment from 2007 till 2010 inclusive. Our questions focused on the numbers of projects and amount of reduced waste, reused waste and recycled waste. We tried to get information on whether the money from the Operational Programme for Environment was divided by priorities set by the European waste hierarchy. The questions were sent both by e-mail and letter.

It was rather time-consuming and required plenty of negotiation to receive answers for these relatively simple questions, but even so some countries did not provide responses. We received full answers from: the Czech Republic, Croatia, Macedonia, Slovakia, and Bulgaria. Hungary only partly answered our questions, while Poland and Romania provided very short responses which did not respond to our questions.

What our research shows:

1026 waste projects were supported by EU funds in these eight CEE countries from 2007 till 2010 inclusive. Most of the projects (73%, or 748 projects) were in the Czech republic, and almost 22% (222 projects) in Slovakia. The remaining 5% of projects were supported in Hungary (16 projects), in Poland (19 projects), in Romania (15 projects) and in Croatia (4 projects). Only one project has been supported in each of Macedonia and Bulgaria. See more in Table No.1 below.

These projects cost nearly EUR 1 789 million in total, and almost EUR 1 274 million has been spent from European Funds in these eight CEE countries. Large amounts have been spent in

Romania (36%, or EUR 454 million), Slovakia (25%, or EUR 313 million), Czech Republic (20%, or EUR 252 million) and in Hungary (16%, which is 198 EUR million).

The Czech Republic and Poland focused mainly on small projects with an average subsidy of around EUR 0.3 million per project. Slovakia and Macedonia supported projects with an average subsidy of more than EUR 1 million. Bulgaria (EUR 6.5 million), Croatia (EUR 11 million) and Hungary (EUR 12 million) focused on medium-sized projects. Only Romania supported mainly large projects with average subsidy of around EUR 30 mil.

Table No.1: Results of research

| Country | No. Projects | Total cost of projects (EUR million) | Total subsidy from OPE (EUR million) | No. of projects leading to material recovery |
|----------------|--------------|--------------------------------------|--------------------------------------|--|
| Czech Republic | 748 | 419.93 | 252.37 | 246 |
| Croatia | 4 | 100 | 42.48 | 0 |
| Macedonia | 1 | 1.4 | 1.05 | n/a |
| Slovakia | 222 | 355.7 | 312.8 | 55 |
| Hungary | 16 | 280 | 198 | n/a |
| Poland | 19 | 11.4 | 6.7 | ? |
| Bulgaria | 1 | 7.5 | 6.5 | 1 |
| Romania | 15 | 612.66 | 454.05 | ? |
| TOTAL | 1026 | 1788.59 | 1273.95 | 302 |

None of the CEE countries asked has been able monitor the impact of the spent EU money on the amount of waste and on the reuse of waste. Only the Romanian and Hungarian answers contain estimates. In Hungary, 250 000 tonnes of waste may have been prevented and 450 000 tonnes may have been reused. However no answer was provided on the methodology for this estimate.

Hungary has a rule for every single waste project to use 5% of the total sum for implementing developments of waste prevention. For this purpose attention is being focused on [3]:

- Handout of house compost bins,
- Re-use centres dealing with reusing goods (collecting and redistributing useable goods)
- Propagation of awareness raising, conscious purchasing, reuse of goods, etc.

The Romanian waste projects contain almost the whole waste hierarchy: prevention activities, separation of waste and waste treatment.

Unsuitable indicators undermine EU targets for waste prevention and recycling in the Czech Republic

The priorities of the Czech Republic in the waste management sector are clearly set in the Waste Management Plan adopted by the Government in 2003. The plan declares its strategic goals: *“to decrease specific production of waste regardless of the level of economic growth, to maximise usage of waste instead of primary natural sources and to minimise negative health and environmental impacts of waste management.”* For municipal waste, this plan clearly sets the priority of material recovery. The goal was to increase material recovery by 50% in 2010.

However the Environment Operational Programme (OPE) contains an indicator on the amount of municipal waste – but not for a *decrease*, rather for an *increase* from 4 million tonnes per year in 2006 to an estimated 5 million tonnes in 2013. This is an average increase of more than 8% per year.

The OPE doesn't contain any indicator for measuring „material recovery“. There is only an indicator for „recovery“, which measures material and energy recovery together. Such an indicator is not in line with the waste hierarchy, because it mixes two steps in the hierarchy into only one: recycling is mixed up with waste incineration with energy recovery, which is a much less efficient use of resources. The European Parliament voted for a five step hierarchy, not for three steps. And what is more, the final target for municipal waste recovery has been set to only 50%. However, there is more than 10% energy recovery in the Czech republic at the moment. This means, if there is no increase in energy recovery ratio, there will be no more than 40% material recovery, which is far below the 50% material recovery stipulated by the National Waste Management Plan.

Both of these problems with the waste indicators in Czech OPE are known to the relevant authorities. Even the ex-ante evaluator OPE warned in 2006 that the *“indicator is vaguely worded, the target value is higher than that for 2004, which is not consistent with the objective of the priority axis.”* CEE Bankwatch Network called the Czech Ministry of Environment's attention to the problem with the waste indicators during the SEA process on the OPE in 2006 as well. The Ministry of Environment is currently looking for a solution in the Monitoring Committee for the OPE from 2009 [41]. However the problem is still not solved.

The outcomes of this unsuitable set of indicators are as follows: Projects have not been chosen by their benefit for waste reduction and material recovery, and therefore the amount of municipal waste has increased. An XV. call was opened only for large projects (mainly three incinerator plants), which have no connection with the priorities of Waste Management Plan and the OPE.

Regarding waste recycling only three out of eight CEE countries have clear data about the recycling and composting capacities of the projects supported. Until 2010 (in Slovakia until 2nd May 2011) there were 246 projects supported which led to material recovery and composting in the Czech Republic, 55 projects for material recovery (data about composting are not available) in Slovakia and one project in Bulgaria. These projects will materially recover and compost 6 548 000 tonnes of waste in the Czech Republic, 777 000 tonnes of waste in Slovakia And 6 200 tonnes of waste in Bulgaria.

Taking the total number of projects supported from the table above vs. the number which lead to material recovery, we can see that only 1/3 of the projects in the Czech Republic lead to material recovery and composting, and in Slovakia 25%. The single project supported in Bulgaria also leads to material recovery. Altogether around 30% of the EU-funded projects in CEE countries lead to any material recovery. **It means that for 70% of the projects supported there is no evidence about their influence on waste prevention, reuse and recycling of waste.**

Conclusion

We have analyzed how the CEE countries spent EUR 1 274 million from European funds for improving waste prevention and recycling. The money has been spent mainly in Romania (36%), Slovakia (25%), the Czech Republic (20%) and Hungary (16%).

Only Romania and Hungary have been able to show that they incorporate measures for supporting waste prevention in their projects. These countries together spent around 52% of subsidies from the Structural Funds in the eight CEE countries analysed. But none of the CEE countries was able to exactly monitor the impact of the subsidies from European funds on the amount of waste generated (waste prevention) and on reusing waste.

There is also lack of information about capacities for recycling and composting. Only the Czech Republic, Bulgaria and Croatia have been able to provide complete statistical data about capacities for recycling and composting provided by the supported projects. Slovakia has data only for recycling.

The money from European Funds for improving waste management in CEE countries is spent without statistical evidence about its influence on waste prevention, reuse and recycling of waste for almost 70% of the supported projects. However waste prevention, reuse and recycling of waste are priorities according to the binding waste hierarchy for selecting and deciding upon waste management practices.

Recommendations

In accordance with the principle of the waste hierarchy of the EU, CEE Bankwatch Network considers it necessary to primarily support projects within the field of waste management which avert the production of waste, and support separate collection, reuse and recycling of waste. Therefore, the challenge for those countries which have just begun to fulfill EU strategies and legislation is to ensure that treatment options are sufficiently flexible to allow the further development of separate collection without compromising the value of capital investments (such as incinerators, Anaerobic Digestion, or Mechanical-Biological Treatment plants).

CEE Bankwatch Network is recommending to the European Commission to measure how the supported projects lead to decreases in the amount of waste produced, and increases in reuse and waste recycling and composting, especially because these 3R activities have been set as priority activities by the Waste Framework Directive.

In order to improve policy coherence the EU should also gear EU financing towards meeting the 50% targets of the Waste Framework Directive. If recycling targets are to be reached it is necessary to develop efficient collection systems before large, inflexible capital investments in treatment facilities (for example incinerators for bulky waste).

Sources

[1] Implementation plan for Environmentally Responsible Household Waste Management, OVAM, see: <http://www.ovam.be/jahia/Jahia/cache/off/pid/176?actionReq=actionPubDetail&fileItem=1591>

[2] Roadmap to a Resource Efficient Europe, Brussels, 20.9.2011, COM(2011) 571 final

[3] Environment and Energy Operational programme 2007-2013, page 61, See: http://www.nfu.hu/download/doc/359/Kornyezeti-es-Energia-Operativ-Program-Environment-and-Energy-Ope_.zip

[4] See minutes from 6th Monitoring Committee for OP Environment, here: http://www.opzp.cz/soubor-ke-stazeni/22/6873-minutes_6th_mc_ope_12_03_2009_final.pdf