COUNTERACTING SHADOW ECONOMY IN WASTE MANAGEMENT IN POLAND

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UNITED NATIONS GLOBAL COMPACT

- Inaugurated in 2000 by then UN Secretary-General Kofi Annan to encourage businesses and firms worldwide to adopt sustainable and socially responsible policies.

- Principle-based framework for businesses, stating ten principles in the areas of human rights, labor, the environment and anti-corruption.

- The world's largest corporate sustainability initiative

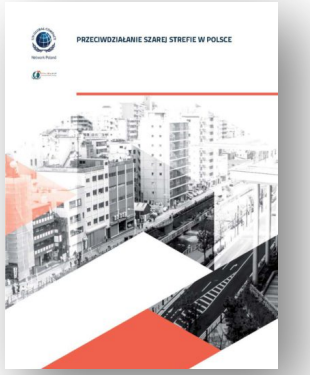
UN GLOBAL COMPACT NETWORK POLAND – WHY COVERING THE SHADOW ECONOMY PROBLEM…

- **The 10th Principle of the UN Global Compact** states that "Businesses should work against corruption in all its forms, including extortion and bribery."
- The 2030 Agenda for **17 Sustainable Development Goals** adopted in 2015
- The importance of United Nations **Development Goal 16** – „Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels"
- Since 2014 UN Global Compact Network Poland implemented the **„Counteracting Shadow Economy" Programme:** regular studies and reports, covering the most sensitive sectors: fuels, tobacco, spirits, gambling, electronics, waste…
- **Main tool:** ability to unite companies with every stakeholder group working to advance sustainable development, including governments, civil society, investors, academia and the United Nations.

REPORTS

Przeciwdziałanie
szarej strefie
w Polsce
2015
16
EY

PRZECIWDZIAŁANIE SZAREJ STREFIE


PRZECIWDZIAŁANIE SZAREJ STREFIE W POLSCE

WALKA Z SZARĄ STREFĄ WPŁYW REGULACJI NA BRANŻĘ PALIW PŁYNNYCH
PwC

GOSPODARKA OLEJAMI ZUŻYTYMI
założenia reformy
i propozycja ustawy

Przeciwdziałanie
Szarej Strefie
w Polsce 2018/19

PRZECIWDZIAŁANIE SZAREJ STREFIE W POLSCE
poprzez efektywny wymiar sprawiedliwości

PRZECIWDZIAŁANIE KORUPCJI
I NADUŻYCIOM

POLITYKI COMPLIANCE

COUNTERING SHADOW
ECONOMY IN POLAND

Gospodarka olejami
zużytymi – propozycje
zmian do ustawy

COUNTERACTING SHADOW ECONOMY IN WASTE

- Negative environmental impact
- Loss for State Treasury
- Distorting level playing field in business

COUNTERACTING GREY ZONE IN WASTE – SDGs

Goal 12. Ensure sustainable consumption and production patterns.

Goal 13. Take urgent action to combat climate change and its impacts.

Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forrests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

REACHING THE UE TARGETS ON CIRCULAR ECONOMY UNDER RISK…

- Common EU target on reuse and recycling of municipal waste: **55%** by 2025 (60% by 2030, 65% by 2035)

- Common EU target on packaging waste recycling – **65%** by 2025 (70% by 2030), with separate targets for specific materials

- Binding aim on storage of municipal waste – max. **10%** by 2035.

MAIN ISSUES RELATED TO WASTE MANAGEMENT – 2018/19 REPORT

- **Lack of verified, trustworthy data on the amount of waste in Poland**
  – the official numbers (2017) – 12 m tonnes/year
  – estimated amount – above 15 m tonnes/year

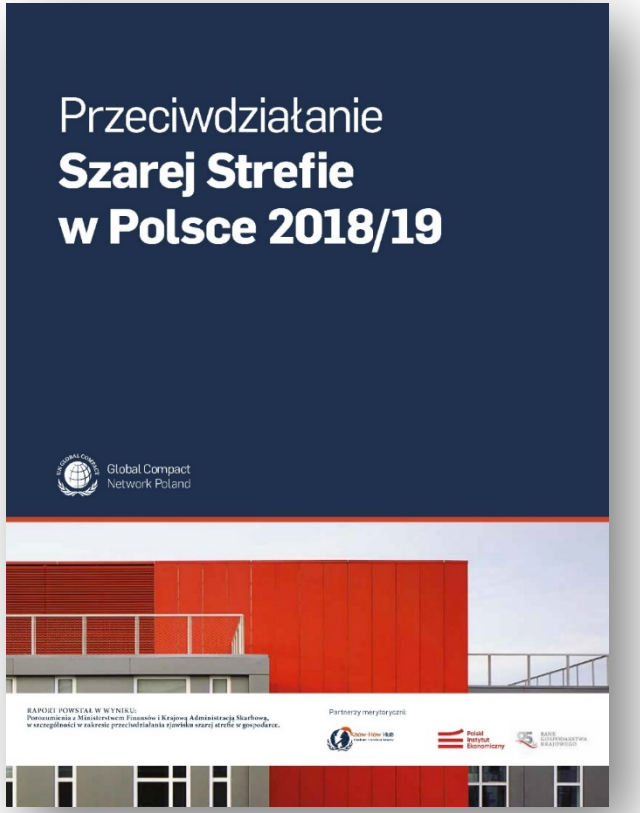
- **Value of shadow economy: PLN 2 bn (30-50% market volume) including PLN 750 million in VAT and other taxes**

- **Unstable regulations**
(frequent changes of law, making sensible planning difficult)

- **All responsibility put on the local self-government, faulty system of financing waste management**

- **Price as a main criteria in tender procedures**

- **Insufficient support by the central administration**



MAIN ISSUES RELATED TO WASTE MANAGEMENT INDICATED IN THE 2018/19 REPORT – INFRASTRUCTURE

Lack of infrastructure:

- Installations for sorting waste from selective collection
- Incineration facilities (only **13%** of waste in Poland is subject to thermal treatment)
- Recycling installations
- Majority of municipal waste processing plants (RIPOK) were planned for mixed, unselected waste…
- Low quality of achieved raw metarials – low profitability of the recovery system

SELECTED RECOMMENDATIONS

- Introduction of trustworthy data system on waste

- Using transportation monitoring systems, developed by the Ministry of Finance for the Sensitive sectors (SENT, STOR)

- Modyfing the responsibility of the local bodies for the waste management, bigger support from the central government institutions

- Stronger supervision by law enforcing agencies

- Changing the regulations covering packaging

- Introduction of „white list" of legitimate companies, operating in waste collection and processing

- Educational campaign for the society...

THE SUBSEQUENT LEGISLATIVE AMENDMENTS

- **2019:** new regulations on the visual monitoring of waste storage facilities
- **2019:** new fire regulations for waste storage facilities
- **2019:** verification of licences for operating in waste sector
- **2020:** selective collection of municipal waste – 5 waste streams
- **2020:** Waste database BDO (introduction of new, online waste database)

LEGISLATIVE DEVELOPMENTS IN THE EARLY STAGES OF THE LEGISLATIVE PROCESS

„Cleanliness Plus" Programme

October 2020 – draft amendment to the Law on maintaining order and Law on cleanliness in municipalities

Main points:

- Green light for incineration
- Storage of caloric fraction allowed
- Extension of storage period of waste till 3 years
- 4 streams waste selective collection

CURRENTLY WORKING ON A NEW REPORT ON WASTE MANAGEMENT

THE CHOSEN MEDIA NEWS

- Information published by Greenpeace Italy – Camorra had shipped illegal waste to Poland (municipal waste, mixed plastics, industrial/chemical waste) – some shipments were blocked by the Polish authorities; profit for Camorra
- A few hundred million EUR/year
- National Revenue Administration (KAS) regularly stopping illegal transportation of waste
- Each year (2020) Poland is a destination for a few hundred thousand tonnes of waste from Germany, UK, Italy, but also Norway (contaminated organic waste), Nigeria (waste batteries…)
- Central Statistical Office Report 2017 – in 2016 701 tonnes of waste was imported to Poland; not just EU, but also Australia, UK, New Zealand, Africa….

POLAND CANNOT COPE WITH WASTE MANAGEMENT.

SUPREME AUDIT OFFICE 2020 REPORTS: „ON MUNICIPAL WASTE" AND „ON ACTIONS AIMED AT REDUCTION OF PLASTIC WASTE"

Confirmed majority of conclusions from the UN Global Compact Network Poland 2018/19 Report, for example :

- Lack of full knowledge (gap in data) of the state institutions on the problem
- Poland – destination market for waste
- Lack of effective solutions, like bottle deposits
- Lack of sufficient control mechanism, esp. at the lowest level of the local government
- Frequent changes of regulations etc.

PARTNERS IN THE UNGC NETWORK POLAND PROGRAM

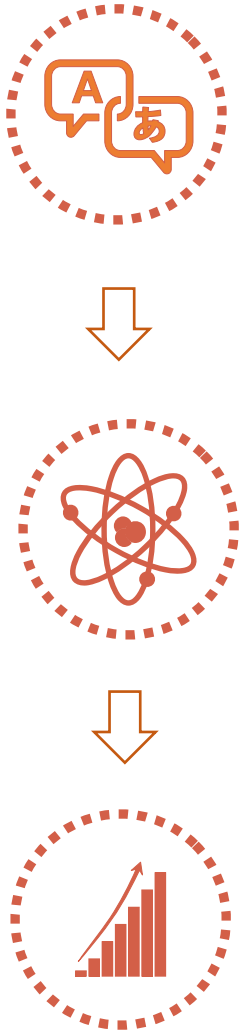
Partnership with public administration as part of Counteracting the Shadow Economy :

- Ministry of Finance
- Ministry of Climate and Environment
- Supreme Audit Office (NIK)
- Central Investigation Bureau of Police
- Chief Inspectorate of Environment Protection
- The Central Anti-Corruption Bureau

Business:

- Organizacja Odzysku REKOPOL S.A.
- SUEZ Polska S.A.
- Companies from the waste industry operating legally and respecting high ethical standards

Selected Local Government Organisations

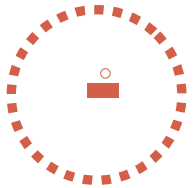


ISSUES AND PROPOSALS

- Still lack of trustworthy data on the amount of waste collected and recycled in Poland
- Still too slow development of recycling industry in Poland (collection, preparation for recycling and proper recycling)
- Still significant part of waste dumped in old factories, farms, storage facilities – including industrial waste
- Lack of a sufficient number of recycling/processing facilities gives field to illicit operations
- Too low consciousness of the society resulting in a faulty selection of waste, burning of waste, etc.
- The cost of recycling of packaging waste should be covered by companies, introducing goods to the market
- Need to focus on operational control by law-enforcing agencies. There are legal regulations, but they are bypassed by grey zone operators

POLAND IS A LEADER IN THE FIGHT AGAINST SHADOW ECONOMY

ADDITIONAL INCOME TO THE STATE TREASURY



SHADOW ECONOMY CONSTANTLY IS LEARNING AND REACTING

CONCLUSIONS

- Key to the success – wide alliance of all 3 sectors (know-how of the industry representatives)
- Co-operation with such agencies like Ministry of Finance (KAS - National Revenue Administration), Central Investigation Bureau of Police, NIK (Supreme Audit Office) – they have horizontal approach and instruments
- Constant monitoring of legislation and situation on the market (dialogue with the industry representatives)

INTERNATIONAL SOLIDARITY NECESSARY

In the last decade, uncontrolled trade in plastic waste has increased, damaging both the environment and public health. Plastic waste has ended up in landfills, been burnt in the open air.

In 2019, the EU exported 1.5 million tonnes of plastic waste, mostly to Turkey and Asian countries such as Malaysia, Indonesia, Vietnam, India and China. The share of exported plastic waste to China has radically fallen since the country's adoption of restrictions on the import of plastic waste in 2018.

On 1 January 2021, the new regulations came to force in the European Union on the export, import and intra-EU shipment of plastic waste. These new rules ban the export of plastic waste from the EU to non-OECD countries, except for clean plastic waste sent for recycling. Exporting plastic waste from the EU to OECD countries and imports in the EU will also be more strictly controlled (prior notification and consent procedure).

The export of plastic waste will only be allowed under very strict conditions. The export of unsorted plastic waste to non-OECD countries will be completely banned.

The aim is to reduce plastic waste and encourage better sorting and recycling.

www.ungc.org.pl

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