

National Audit Office: Estonia faces infringement proceedings and fines from European Commission if no significant progress is made with recycling municipal waste by 2025

Tallinn, 26 June 2024 – Although Estonia has committed to recycle 55% of municipal waste by 2025, it is far from achieving this target and no progress has been made in the last nine years. Failure to meet the recycling targets could lead to infringement proceedings and fines from the European Commission.

Increased recycling of waste saves natural resources. In 2022, 32% of municipal waste was recycled in Estonia and this figure has roughly remained unchanged for nine years. At the same time, Estonia's obligations are growing, as the agreement with the European Commission sets forth that the share of recycled municipal waste must reach 60% by 2030 and 65% by 2035.

This year, after a long wait, the ministry responsible for the area, i.e. the Ministry of Climate has started to make fundamental changes to the waste sector and amend the Waste Act.¹ For example, it plans to establish a separate collection target for local authorities and introduce an excise duty on packaging. An additional €660 million is needed over the next five years for the activities set out in the National Waste Management Plan, but there is no agreement on how this will be financed.

“Although the Ministry of Climate has now started reforming the waste sector, in the past nine years it has failed to solve the sector’s root problems and implement the required fundamental changes,” said Auditor General Janar Holm. “For example, to define the division of responsibilities between local authorities and the state for meeting the recycling target and to strengthen the control of waste data and waste operators.”

Consequently, the National Waste Management Plan was adopted at the end of 2023, almost three years later than planned. According to the National Audit Office, the planned reforms will help to increase the separate collection and recycling of waste, but the target is unlikely to be reached by 2025. In this case, the European Commission has the right to launch infringement proceedings. If Estonia fails to meet the target during the proceedings, the Commission may bring an action before the Court of Justice of the European Union and the Court may impose a fine.

The National Audit Office notes that although the ministry has supported the waste sector for a long time with taxpayers' money, the recycling of waste has not increased.

This suggests that activities that are more harmful to the environment – landfilling and incineration – are still more affordable for waste businesses than environmentally friendly activities such as recycling and recovery. In order to reduce and recycle waste, these activities have needed support. Until this situation changes, increase in the recycling and recovery rates can only be achieved through subsidies. However, this is not the best solution for the taxpayer and runs counter to the principle that carrying out activities with a higher environmental impact should be more costly.

¹ [Intent to draft an amendment of the Waste Act, Packaging Act and other Acts](#), submitted for coordination on 19 March 2024.

Although the Ministry of Climate declares that it wants to reduce waste generation, the National Audit Office finds that the achievement of this goal is questionable with the current resources, as there are no detailed activities agreed with local authorities and other parties or certainty in terms of financing of the activities. The waste prevention actions in the National Waste Management Plan adopted at the end of 2023 are very general. They do not steer local authorities in the desired direction and are difficult for them to follow. It is not known how much it will cost for businesses, local authorities and the state to carry out the activities, whether the necessary money is even available and how the burden will be shared. For example, the Ministry of Climate has foreseen communication and awareness-raising activities to prevent waste. The ministry should now discuss with local authorities and businesses what specific activities the ministry expects from them and where the money for these activities will come from.

According to the National Audit Office, the waste data and waste operators are not sufficiently monitored to ensure that waste reaches its intended place of treatment and is actually recycled. The information collected by the National Audit Office indicates that the Environmental Board subjects only 10% of waste reports to a simpler type of data verification, i.e. compares the compliance of the environmental permit terms and conditions with the data submitted. When verifying the data submitted by waste operators, the Environmental Board limits itself to simple activities and does not take additional measures, such as assessing the inputs and outputs of the production process, and carrying out measurements and calculations. This leads to the risk that companies will only formally demonstrate that they recycle waste and instead divert it to incineration or landfill, or worse, dump it illegally.

The National Audit Office recommends that the Ministry of Climate design a system of various fees, taxes and excise duties that would provide economic incentives to encourage more people to further reduce and recycle waste. The National Audit Office recommends that the Environmental Board carry out more thorough checks of waste data and take further measures to verify the data submitted.

Background

The National Audit Office drew attention to the problems related to waste prevention and the low recycling rate of municipal waste already in its 2016 audit report. It made a number of recommendations to the Ministry of the Environment (current Ministry of Climate) and the Environmental Board, some of which have not yet been implemented. For example, the division of roles between state and local authorities is still not clear, there are no specific activities to prevent waste generation, and the monitoring of waste data and waste operators still needs to be improved.

Estonia generated 503,000 tonnes of municipal waste in 2022. Most of the municipal waste generated in Estonia (42%) was incinerated. This was followed by recycling at 33% and landfilling at 13%. Other waste treatment of unknown nature accounted for 12%.

According to the Waste Act and the EU Waste Directive, Estonia must recycle or prepare for recovery at least 55% of the municipal waste it generates by 1 January 2025. In 2022, the recycling rate was 33%. In 2014, the rate was 31%.

At the same time, waste generation in Estonia has increased significantly over the last decade. While in 2013, Estonia generated 293 kg of waste per capita, in 2022 it had risen to 373 kg. This means that the amount of waste generated by people in Estonia is well below the EU average of 513 kg per year.

The estimated cost of implementing the activities of the National Waste Management Plan 2023-2028 is €660 million, of which 111 million euros will be financed by the European Union through grants. The rest of the money should come from the state budget, local authorities and companies' own contributions. €250 million is needed for waste prevention and recovery, €318 million to increase safe material recycling and €92 million to address and reduce the environmental impact of waste management.

Priit Simson
Communication Manager, National Audit Office
+372 640 0777
+372 5615 0280
priit.simson@riigikontroll.ee
press@riigikontroll.ee
<http://www.riigikontroll.ee/>