Proposals presented to the Public Council of the Ministry of Environmental Protection and Natural Resources of Ukraine of 26.02.2021 № 4 *Note. PC unanimously voted as a subject of round table*

 *with a wide circle of stakeholders (Public Council Minutes of Meeting No4* [*https://mepr.gov.ua/files/protokol\_GR/%D0%9F%D1%80%D0%BE%D1%82%D0%BE%D0%BA%D0%BE%D0%BB%20%E2%84%964%20%D0%B2%D1%96%D0%B4%2026.02.2021.pdf*](https://mepr.gov.ua/files/protokol_GR/%D0%9F%D1%80%D0%BE%D1%82%D0%BE%D0%BA%D0%BE%D0%BB%20%E2%84%964%20%D0%B2%D1%96%D0%B4%2026.02.2021.pdf) *)*

**Question I. Reforming the system of taxes and fees. Introduction of the "environmental fees" component to the reform agenda.**

As part of the dialogue between the Government and the public on reforming the "system of environmental taxes and fees", representatives of the expert community and business associations drew the attention of members of the Public Council Committee under the Ministry of Environment to the absence of a mechanism for reforming "environmental fees". The introduction of such a regulatory financial compensation mechanism (before or simultaneously with the introduction of the RVV system) will bring Ukraine closer to:

• fulfilment of the terms of the Association Agreement with the EU, observance of obligations under international conventions to which Ukraine is a party;

• Improving the investment climate in Ukraine in the field of waste management and goods that become or contain hazardous waste by introducing a transparent mechanism that will calculate the return on investment and predict the fair value of "raw materials / resources / goods" to be sorted / processed / disposed of / disposed of and the like; a clear signal of support for conscious business in terms of introducing such an agglomeration of operator management that will accumulate funds from eco-fees, which will allow in the framework of digitalization to receive information on available funds and compensation applications (a good remote example - open register of ATS);

• have a transparent list of goods subject to environmental charges, justified by a wide range of stakeholders (government, research institutions, experts, the public) with subsequent updating of the waste classifier;

• the possibility of more transparent tracking of the chain of movement of goods (on a good example proposed in the bill 2207-1d register of operators in certain categories);

• raising business awareness, forming a liquid chain of value formation of goods and its life cycle according to the principles of the circular economy;

• according to any option chosen by the state to choose the operator that manages revenues (state enterprise, private or joint-stock organization, public organization, state bank, clearing fund, etc.) the financial resource has the opportunity to move from period to period and be more cumbersome than state or local budget;

• as an indirect result - an increase in the number of jobs, revenues from related taxes and fees to state or local budgets;

• Improving the environment and health of nations

• adherence to the principle: taken from the Earth free of charge for the production of products - return to the Earth as a safe treatment of waste from these products.

In order to achieve rational and effective administration of the received funds and ensure their targeted use only for waste management purposes, it is proposed, as one of the options, to create a Clearing Fund/Organization, provided by the Law of Ukraine "On Financial Systems" (examples of application in Ukraine are unknown) under the management of the Ministry of Environmental Protection and Natural Resources of Ukraine (hereinafter the Ministry), which can be finalized taking into account the strategic and economic interests of the state with the involvement of national experts, donor technical assistance, participation of conscious public and business associations.

The main role of the Clearing Fund/Organization is to receive funds from responsible persons (manufacturers and importers) and their further distribution on the basis of a special key.

To achieve this goal, it is proposed that the Ministry open a Clearing Account with a state bank. It is expected that the annual receipts on this account will amount to about 300-350 million Euros, which will be under the control of the Government and the Ministry.

These funds consist of payment by individuals and legal entities (EU rules) for the purchase, sale, circulation or import into the customs territory of a new product.

The main idea of ​​the Clearing Account is to create commodity price lists for each type of waste, which should take into account the reimbursement of the cost of their collection, sorting, processing and disposal.

At the same time, it is planned to define clear rules that apply to raising funds from the Clearing Account only to reimburse costs in the waste management system.

In addition, the disposal fee must have its own VAT, which provides for liability for violations of both the VAT rules for those who have not paid this fee to the Clearing Account. This will create an additional control mechanism and make it impossible to avoid calculations.

In the process of reimbursement for waste management, it is proposed to create clear rules, in particular:

- the founder (Ministry) must clearly define the percentage of funds that will be allocated to the system of collection, sorting, processing, processing and disposal;

- each product involves different costs (ecodesign) both for the collection process and for the process of its processing and disposal. This requires a clear and precise definition, for example, of the sorting process: - who is authorized to sort the waste; - the importance of waste sorting for citizens and the state; - costs associated with sorting, etc. It is understood that sorting as such is a more specific differentiation of these wastes and should be performed mainly by specialized waste collection companies. This is the moment when it is easier to say where the waste should be transferred for further processing and disposal;

- the current account must also meet the needs of those who are at the beginning of waste production. This means that a certain amount of funds, determined as a percentage, should be excluded from the Clearing Account for the Environmental Fund (under the Ministry), from which funds will be directed only to the needs of villages, towns and cities to create appropriate opportunities for waste sorting. For these needs, it is proposed to transfer 20% of the total revenues to the Clearing Account on a quarterly basis to the Environmental Fund. These funds will be used to finance villages, SMEs and cities, ie citizens, the amount of reimbursement of which will be determined according to the size of villages, SMEs and cities in terms of the amount of waste to be sorted;

- to ensure objectivity and trust in the chain citizen-manufacturer-collector-recycler, a transparent system of the Uniform form (documentary confirmation of disposal of the goods) should be developed, the last subject for confirmation of which should be the final recycler who has the appropriate (certified) industrial facilities for the disposal of the relevant type of waste, and which will send the document to the Clearing House for clearing purposes. Reimbursements made in this form will go to the recycler, sorter and collector. Special software will be created for this system, including data archiving (following the example of EU countries);

- the collected funds will also be used to finance the inspection activities of the documentation submitted by collectors, sorters and recyclers for reimbursement;

- if the processing and disposal of waste is carried out abroad, the exporter or foreign recycler will not be entitled to compensation for this type of activity, given the collection of funds from citizens of Ukraine for disposal in Ukraine.

Within the proposed model, it is possible to expand the list of goods in need of sorting and disposal, to motivate and initiate the implementation of waste sorting in Ukraine, such as textiles, plastics, vehicles, batteries, tires, certain building materials that contain hazardous waste (especially liquids), etc., which cannot be disposed of without the introduction of a recycling fee.

This proposal does not impede the free movement of waste in Europe and some companies can export waste for recycling abroad in Ukraine, or import waste to Ukraine.

For online stores, it is proposed to include in the Law of Ukraine on Waste a separate requirement for each seller to have an officially registered representative in Ukraine with a deposit and the corresponding obligations of the seller.

**Conclusion.** We suggest that the Ministry, during the batch or component elaboration of the reform of the system of eco-taxes and fees, pay attention to the component of "environmental fees" and hold appropriate consultations with all stakeholders on this issue with further discussion of generalized proposals on PC.

**Question II. Reforming the waste management system.**

Since the beginning of the work of the Public Council Committee on Waste Management, a number of interim consultations (as a section of the professional environment and society) have been held with leading legal professionals in the field of waste management, representatives of business associations, independent national and international experts. Based on the results, a generalized list of such recommendations was prepared.

To ensure balanced waste management, in particular hazardous waste; effective management of this industry; development of technological parks for waste processing in Ukraine; increase in the percentage of waste that is recycled and reused as raw material; raising the level of awareness and motivation of citizens; harmonization of Ukrainian and European legislation, it is advisable to draw the attention of the following public authorities to the demand of business and society for the following steps with the support of Public Council:

**ATN Parliament of Ukraine:**

 1. Consideration in the shortest possible time of the Laws of Ukraine "On Waste Management" №2207-1-d; “On waste electrical and electronic equipment” №2350 and “On batteries and accumulators” №2352, taking into account and proper implementation of the provisions of Directive 2012/19 / EC (for 2350) and Directive 2006/66 / EC (for 2352); "On State Environmental Control" and a number of sectoral laws that have already been submitted to the Verkhovna Rada of Ukraine.

2. Develop and adopt draft sectoral laws of Ukraine:

- "On Amendments to Certain Laws of Ukraine on Hazardous Waste Management" to strengthen administrative and criminal liability for violations of legislation in the field of hazardous waste management;

- "On Amendments to Certain Legislative Acts of Ukraine in the Field of Waste Management to Prevent the Negative Impact of End-Consumption Wastes on the Environment" on Creating and Ensuring Effective Functioning of the Waste Collection, Processing and Disposal System, in accordance with the requirements of the EU Directive 82008/98 / EC on waste.

3. Withdraw from the Verkhovna Rada of Ukraine the draft Law “On Amendments to Article 4 of the Law of Ukraine“ On Pesticides and Agrochemicals ”on Import of Pesticides into the Customs Territory of Ukraine” (№2289) and the draft Law “On Amendments to Certain Laws of Ukraine on Improvement state regulation in the field of pesticides and agrochemicals ”(№2548).

4. Provide for the responsibility of heads of local authorities, legal entities and individuals for the presence of unauthorized landfills in the subordinate territory.

**ATN the Cabinet of Ministers of Ukraine:**

5. Ensure the implementation of goals and objectives established by the Law of Ukraine "On Basic Principles (Strategy) of State Environmental Policy of Ukraine until 2030" on the development of strategic, program and planning documents for all sectors of the economy of Ukraine, which provide tasks and measures for their greening by technical re-equipment, introduction of energy-efficient and resource-saving technologies, low-waste, waste-free and environmentally friendly technological processes.

6. Develop and approve a Hazardous Waste Management Program until 2030, which would cover all types of hazardous waste, including: used tires, fluorescent lamps, batteries, household and office equipment, unusable pesticides, medical, radioactive, agricultural, industrial waste and others. (taking into account the proposals provided in paragraph I)

7. In order to strengthen the regional potential of the Law of Ukraine "On Industrial Parks" to create a working group to update the draft Laws "On Amendments to the Tax and Customs Codes of Ukraine for the development of domestic production by stimulating investment in the real sector through industrial parks" , №2554a-d and №2555a-d.

8. Develop and amend the Licensing Conditions for Hazardous Waste Management, approved by the Resolution of the Cabinet of Ministers of July 13, 2016, №446, which introduce mandatory pre-licensing inspection of the licensee for the presence of land with appropriate purpose and sanitation -protection zone, certified production facilities and implemented environmentally friendly technologies.

9. To amend Article 51 of the Regulation on the Ministry of Environmental Protection and Natural Resources of Ukraine on mandatory consideration by the Ministry of the state of fulfillment of environmental obligations by enterprises for the previous period before approval of permit documents for pollutant emissions into the air by stationary sources for facilities , which are taken into account and have production or technological equipment, which must be implemented environmentally friendly technologies and management methods (objects of the first group).

**ATN the Ministry of Environmental Protection and Natural Resources of Ukraine:**

10. To ensure the adaptation of legislation in the field of waste management to the requirements of European directives, which must be implemented in accordance with the requirements of the Association between Ukraine and the EU (Directive / 2008/98 / EU, Directive

№ 2006/21 / EC, Directive № 1999/31 / EC).

11. Introduce a state waste cadastre in Ukraine, complete the creation of a single information and analytical network in this area, a system of accounting and certification of waste disposal sites.

12. Develop and implement a system of retraining and advanced training of specialists in the field of management and production of hazardous waste in the areas of: protection of nature and human health from the effects of hazardous waste; utilization and removal of hazardous waste; regulatory and legal regulation in the field of hazardous waste management; scientific and technical activities in the field of hazardous waste management.

13. Ensure the implementation of Section 10 of the National Waste Management Plan until 2030 "Medical Waste" and plan:

- conducting an inventory of medical waste treatment facilities;

- conducting research on the need to increase capacity and create additional facilities for medical waste treatment;

- creation of infrastructure for collection and treatment of medical waste with special attention to medical waste in the conditions of COVID-19.

**ATN Regional state administrations:**

14. Initiate the development, approval and implementation of Regional Waste Management Plans until 2030, taking into account hazardous waste.

15. Involve the media, advertising and social networks, develop and implement environmental education programs for children and youth on waste management.

**Conclusion.** We suggest that the Ministry, during the batch or component elaboration of the waste management system reform, include these issues in the agenda of discussions with all stakeholders with further discussion of generalized proposals with GR.

**ADDRESS to the Head of the Public Council and its members.**

Therefore, when approve by the majority, we ask the Secretariat of the Public Council to distribute the proposed materials among the members of the Public Council, the Ministry and other stakeholders for review, processing and preparation of proposals at a round table planned by a wide range of experts.

For its part, the Committee takes the initiative to summarize the proposals or materials received and to prepare the relevant part of the round table agenda.