Technical support for the preparation of circular economy roadmap for the Slovak Republic

Final event, 31 May 2022

Peter Börkey and Katarína Svatíková
Environment Directorate, OECD

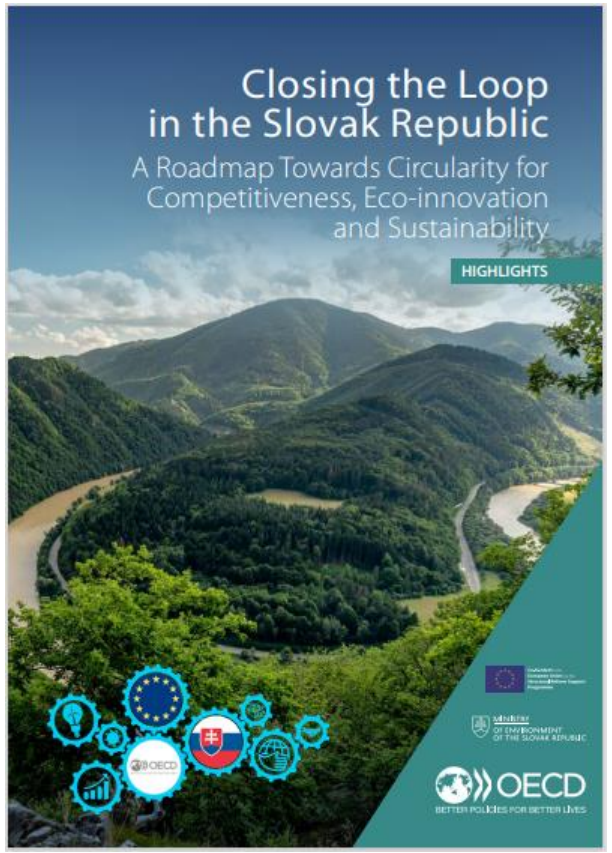
This project is funded by the European Union

MINISTERSTVO ŽIVOTNÉHO PROSTREDIA SLOVENSKEJ REPUBLIKY

OECD
BETTER POLICIES FOR BETTER LIVES

Outline

1. Project process and work streams
2. Global context and rationale for a circular economy transition in the Slovak Republic
3. Key proposed elements of the roadmap



PROJECT PROCESS AND WORK STREAMS

Project process

Project requested by the Slovak Republic in the context of the EU's TSI

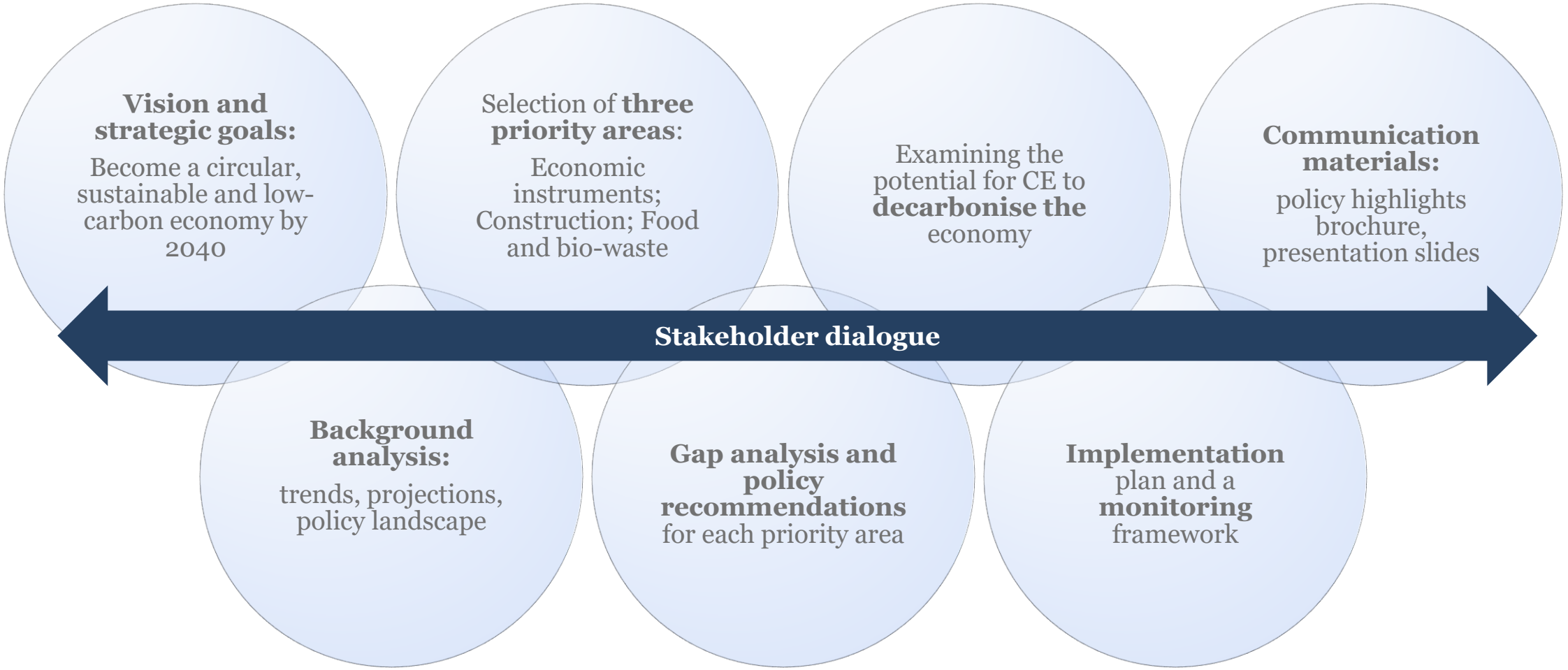
Started in September 2020

Analytical work and stakeholder consultations

Development of a **report** and **policy highlights**

Concludes **today** with a high-level event

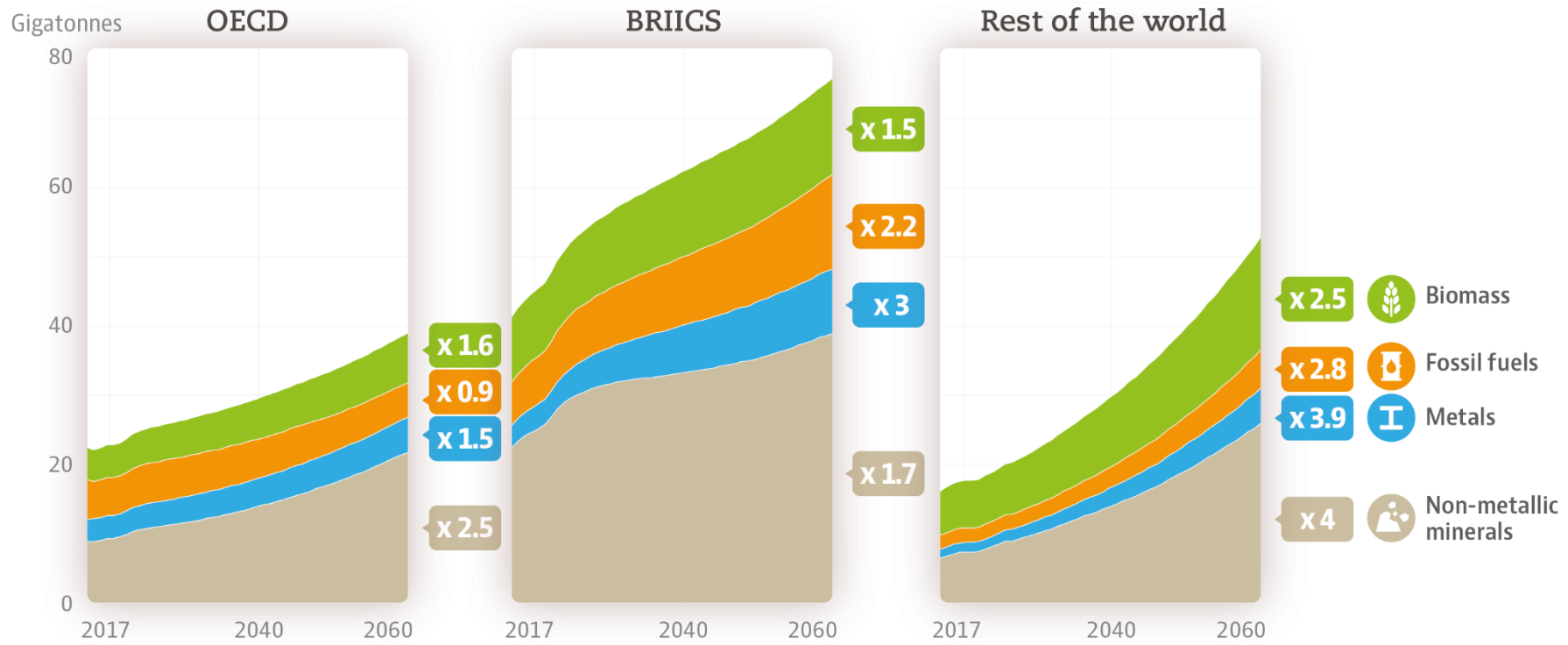
Work streams: the OECD contribution to the future circular economy roadmap



GLOBAL CONTEXT AND RATIONALE FOR A CIRCULAR ECONOMY TRANSITION IN THE SLOVAK REPUBLIC

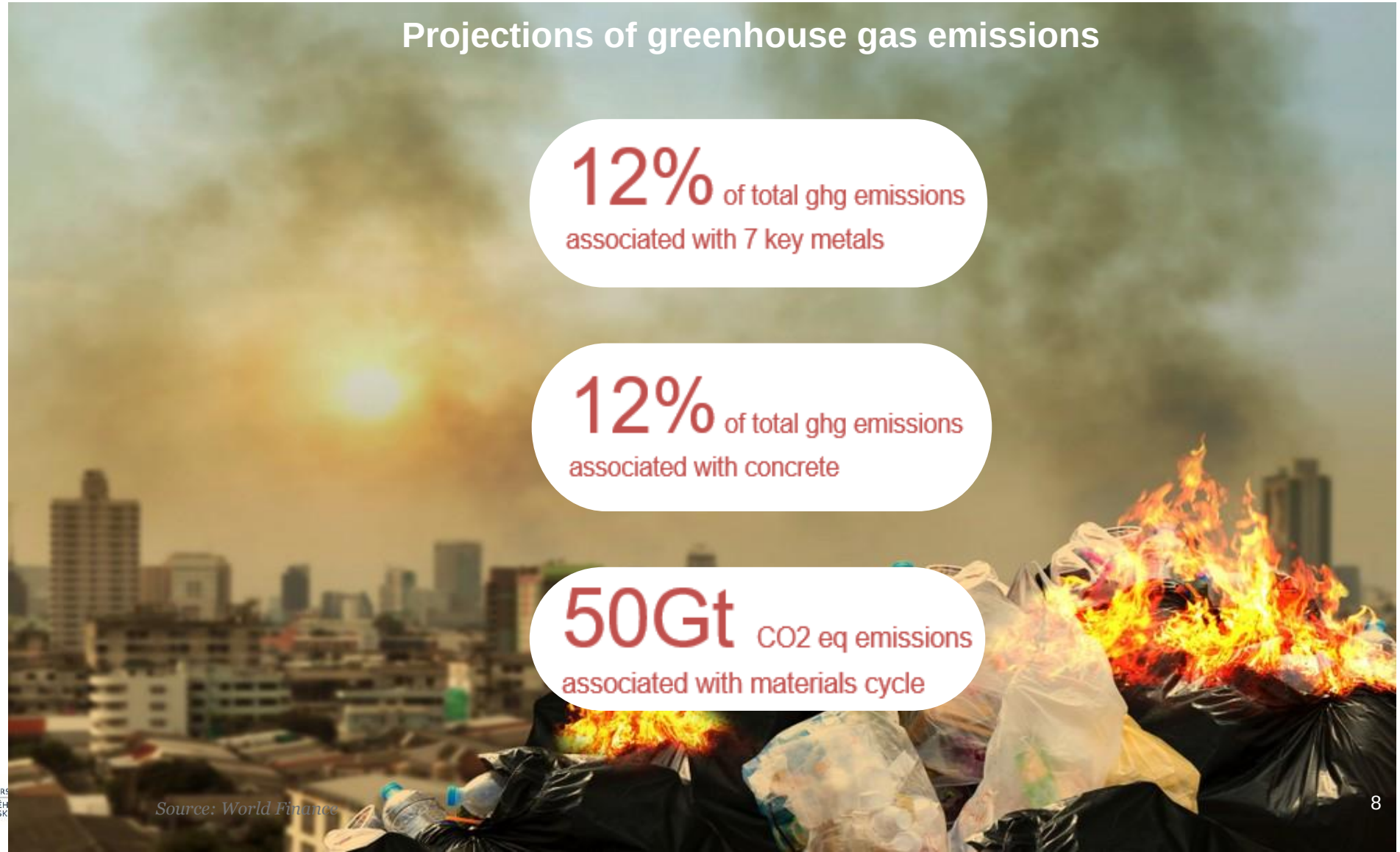
Role of circular economy in tackling global challenges related to materials use

Global materials use is projected to more than double by 2060



Source: OECD (2019), Global Material Resources Outlook to 2060: Economic Drivers and Environmental Consequences, https://doi.org/10.1787/9789264307452-en.

Increased materials use is associated with severe environmental consequences



Source: World Finance

Increasing materials consumption provides a strong case for a circular economy transition in the Slovak Republic

Overall materials consumption is projected to increase by more than 50% (from 94 Mt to 142 Mt) by 2050 compared to 2017 levels

- The Slovak Republic has made notable **progress** in **decoupling** environmental pressures from economic activity in the past decades
- Nonetheless, its economy remains **energy-**, **carbon-** and **resource-intensive** due to a strong manufacturing sector
- **Metals** (iron ores) and **non-metallic minerals** (construction sand, gravel and crushed rock) are projected to increase at a faster rate than the EU average

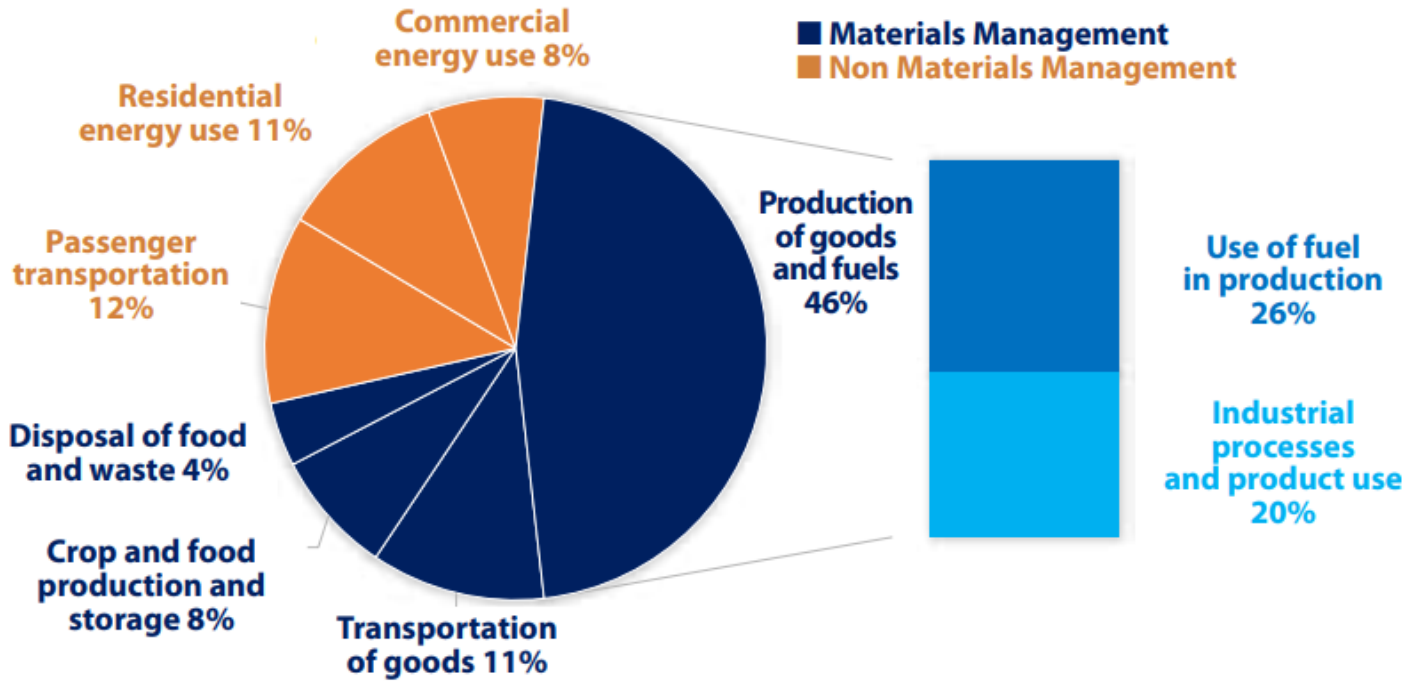
	2020	2050	RATE
Metals	22 Mt	36 Mt	x1.7
Fossil fuels	30 Mt	29 Mt	x1
Biomass	20 Mt	24 Mt	x1.2
Non-metallic minerals	32 Mt	53 Mt	x1.7

Increasing materials consumption generates significant negative environmental impacts, including greenhouse gas emissions

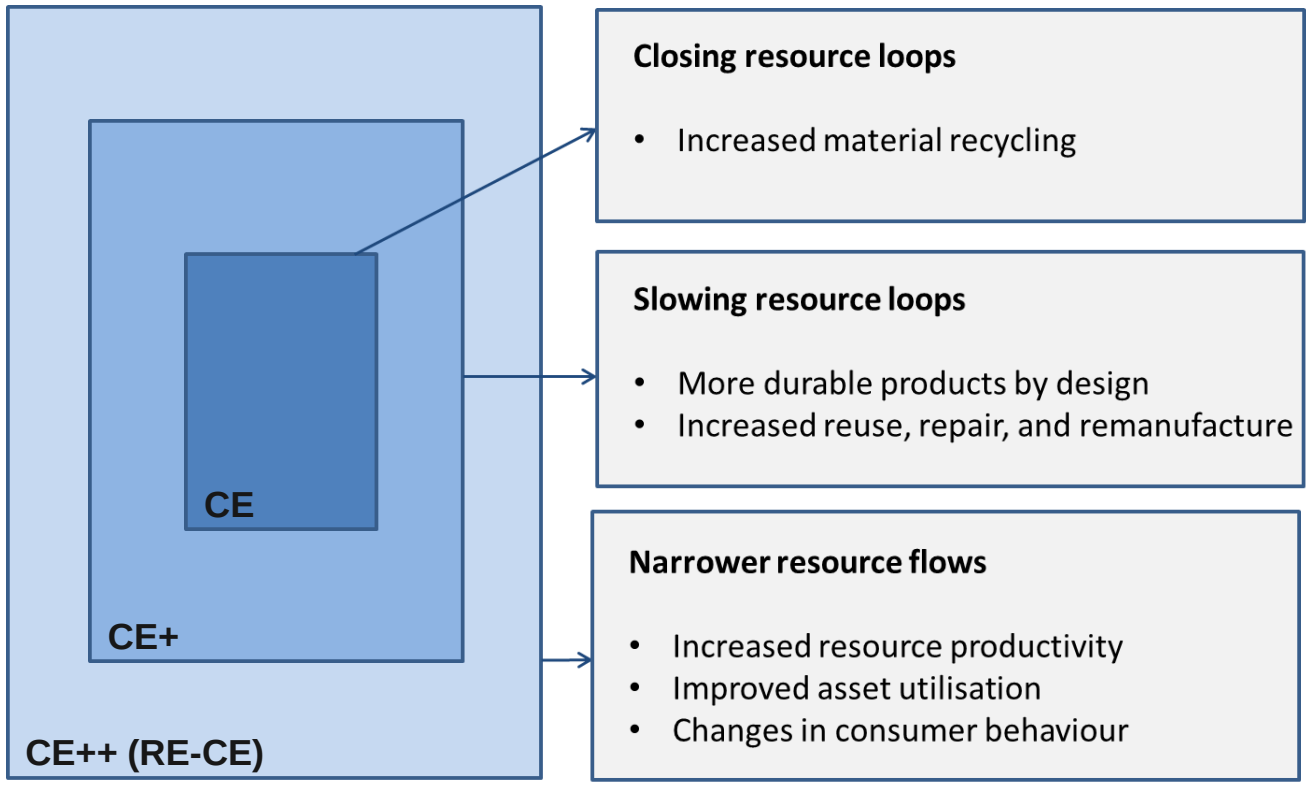
Around 70% of the country's GHG emissions were associated with materials management activities in 2019

Production related emissions are largely associated with **steel and cement production** (inputs to the construction sector)

But also with **agriculture** and **waste disposal**

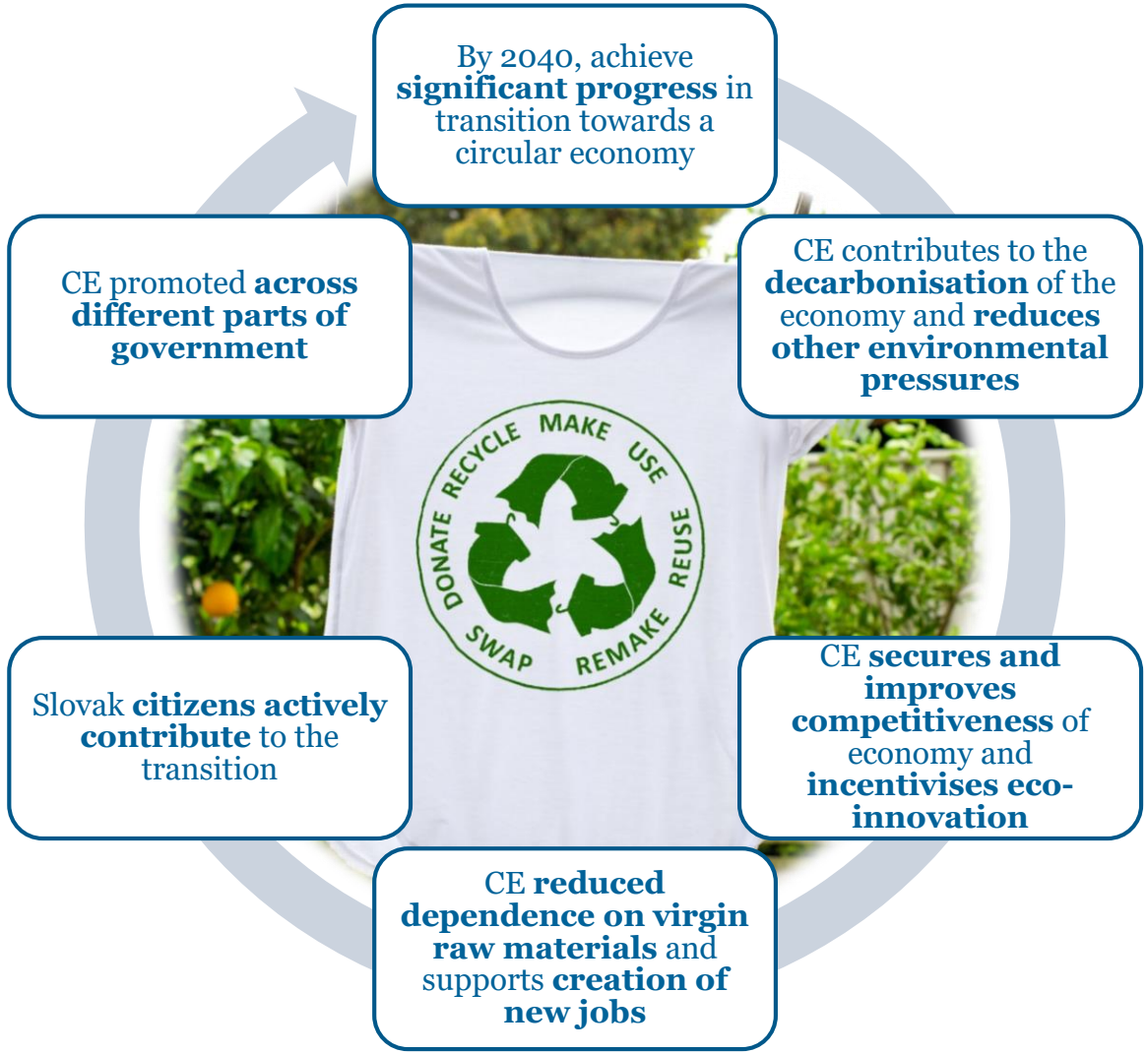


Transitioning to a circular economy is one of the key responses



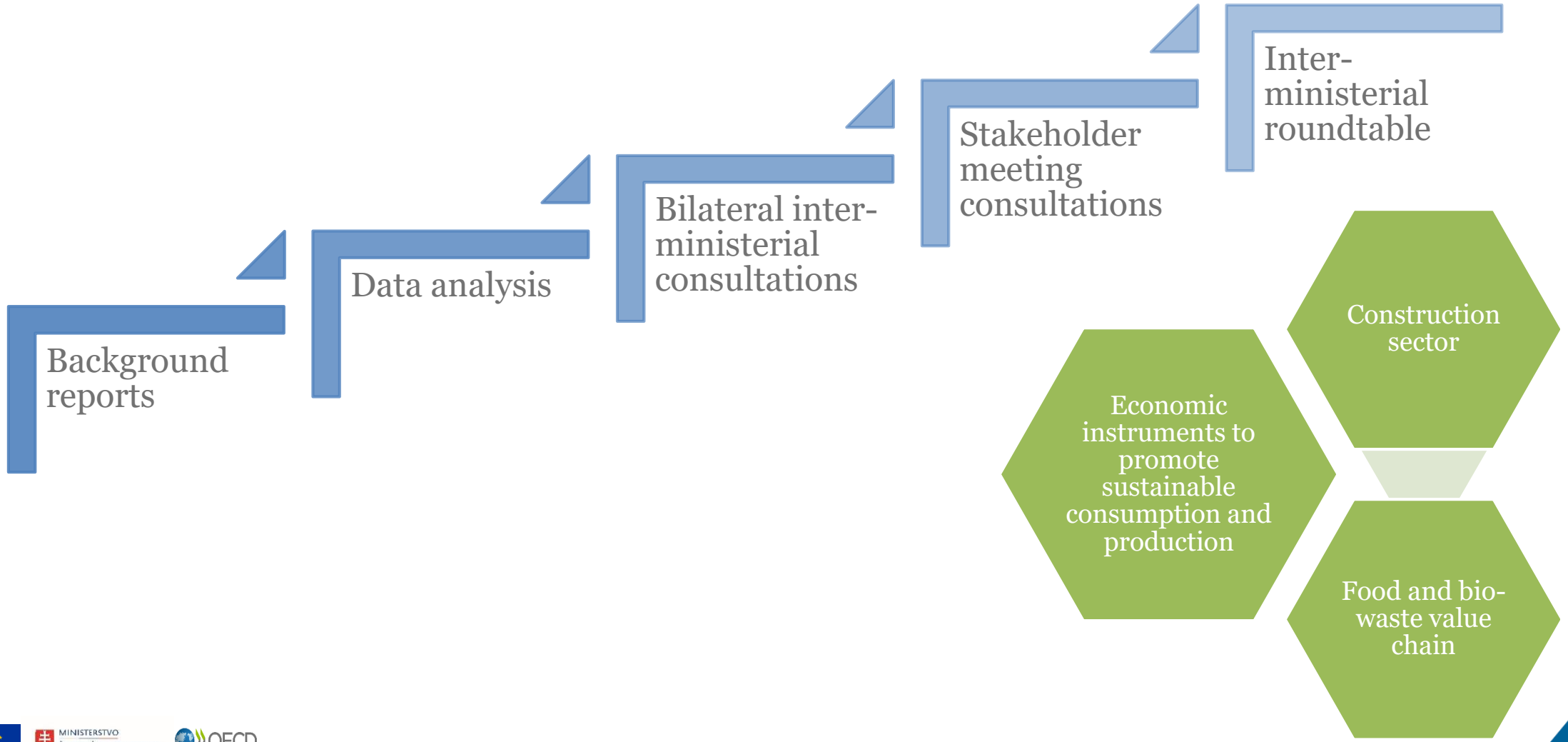
Source: McCarthy, A., R. Dellink and R. Bibas (2018), The Macroeconomics of the Circular Economy Transition: A Critical Review of Modelling Approaches, https://doi.org/10.1787/af983f9a-en.

Proposed vision and strategic goals for a circular economy roadmap

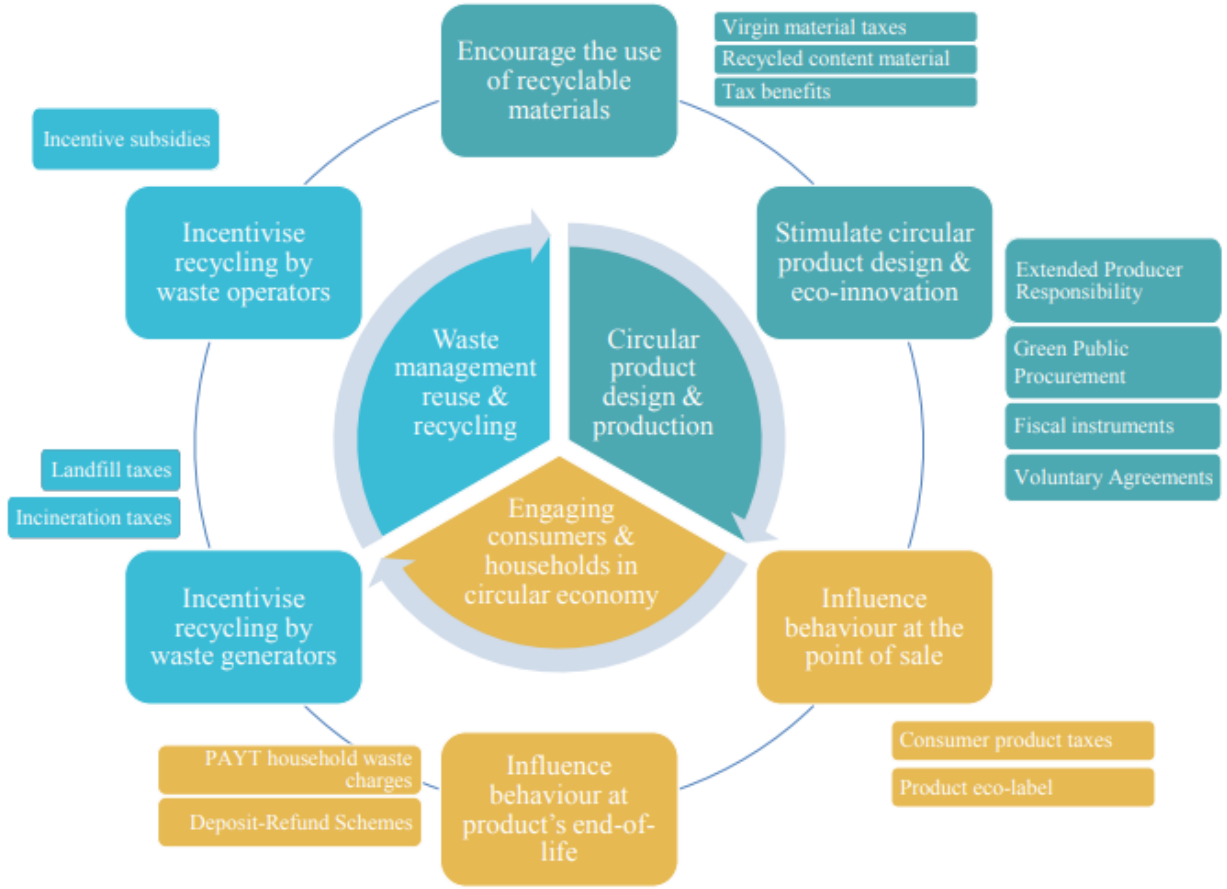


KEY PROPOSED ELEMENTS OF THE ROADMAP

Process behind the selection of priority areas



Economic instruments offer the prospect of achieving circular economy objectives at a lower cost, while incentivising innovation



Economic instruments can provide **incentives along value chains**

Offering a degree of **flexibility in compliance allowing to minimise costs**

Inducing behavioural changes through **price signals**

Examples of key policy recommendations to strengthen the use of economic instruments

Short-term (up to 2025)

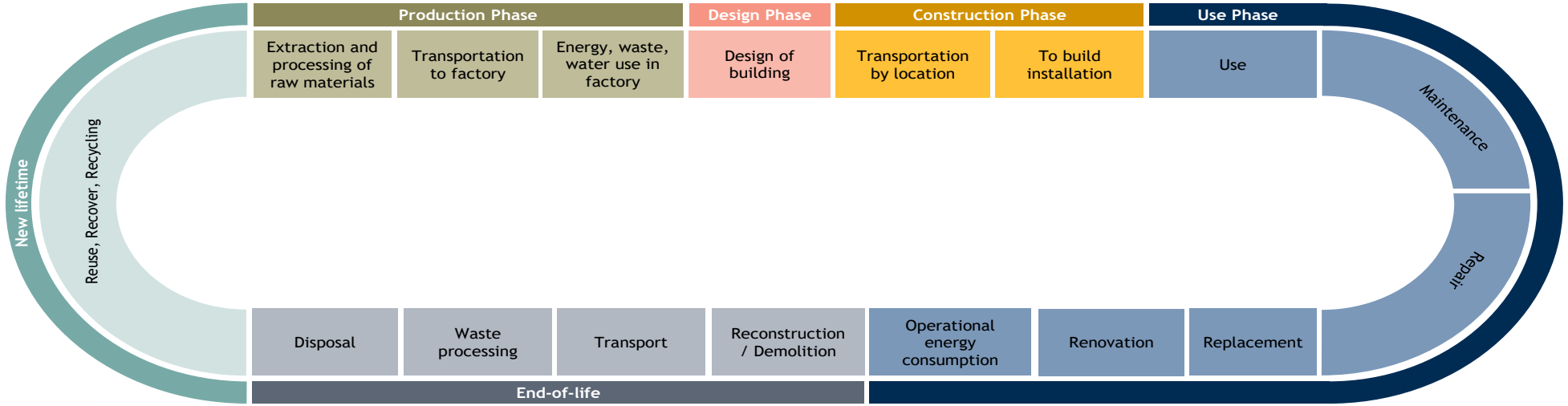
- Strengthen existing environmental taxes (landfill tax, VAT)
- Reform existing EPR schemes (eco-modulated fees)
- Gradually increase the (mandatory) use of GPP criteria as award criteria
- Expand the coverage of well-designed PAYT schemes (through legislation or incentives)

Medium- to long-term (2025-2040)

- Consider introducing new environmental taxes (taxes on virgin aggregates or plastics, incineration taxes)
- Extend EPR to additional products (construction products)
- Consider minimum recycled content requirements within GPP (paper, plastics)
- Move towards sack-/ weight-based PAYT schemes

Large untapped opportunities in materials and waste management exist in the Slovak construction sector

- The construction sector accounts for **more than half** of domestic raw materials use and a considerable amount of **waste** generated
- While the focus so far has been on improving buildings' energy efficiency, new constructions and **renovations** offer important opportunities to deploy circular strategies
- Incentives encouraging **circular design** and the use of **secondary construction materials** provide the largest potential to keep materials flowing in the sector



Examples of key policy recommendations towards a circular construction sector

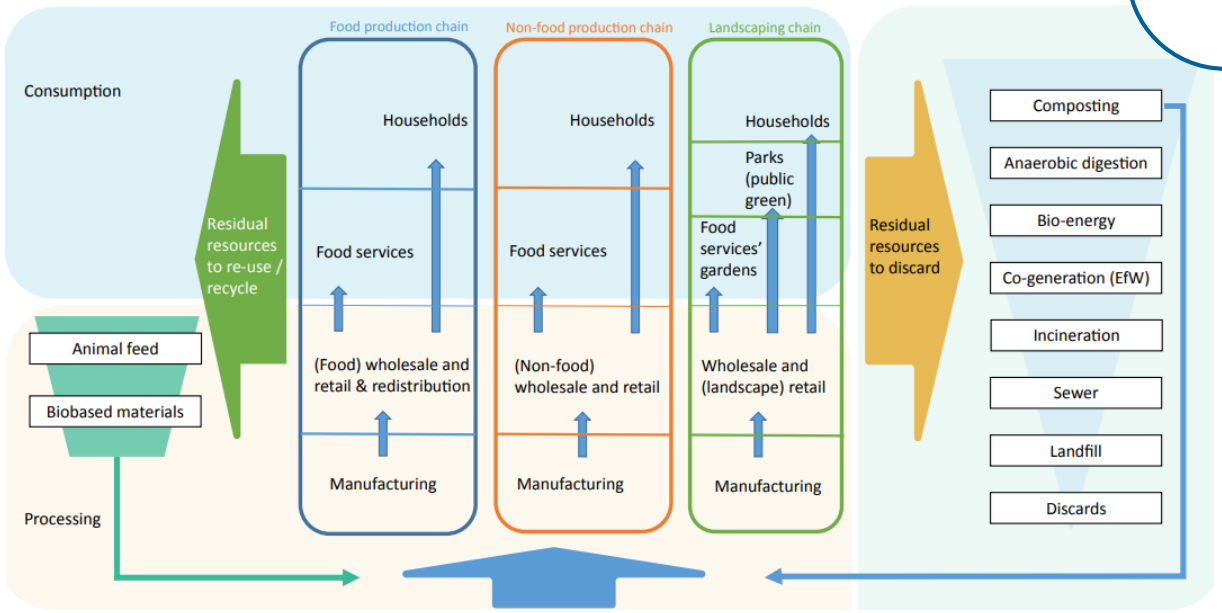
Short-term (up to 2025)

- Improve measurement and monitoring of CDW flows
- Introduce quality standards for recycled construction materials
- Strengthen GPP of construction works for all public entities (as award criteria mainly)
- Support business model innovation and construction pilot projects that apply circular principles in new construction and renovation

Medium- to long-term (2025-2040)

- Implement digital tools
- Consider new tax incentives (tax credits, VAT) to promote the use of secondary raw and renewable materials in renovation
- Develop and apply advanced GPP tools to evaluate bids on green criteria
- Consider EPR for construction products

Achieving circular food and bio-waste value chain requires a shift in production as well as behavioural patterns



- A frequently targeted priority area given its **high consumption of land, water and energy**, and a large production of potentially **GHG emitting waste**
- Implementation of a wide range of **existing measures** in the Slovak food and bio-waste value chain is lagging behind
- Applying circular strategies in the value chain will help **achieve EU as well as Slovak waste targets**
- Short- and medium-term goals → aim at achieving EU waste targets, but long-term efforts need to **shift focus** towards waste prevention, food redistribution and by-product valorisation

Examples of key policy recommendations for a circular food and bio-waste value chain

Short-term (up to 2025)

- Improve measurement of food waste and stimulate multi-stakeholder cooperation
- Implement more effective information and education tools on food waste prevention
- Enhance the use of economic instruments (GPP, subsidies)
- Develop a supportive regulatory framework for bio-waste management

Medium- to long-term (2025-2040)

- Strengthen efforts in informing and educating households in food waste prevention and bio-waste management
- Enhance the use of tax incentives (food donations, innovation)
- Engage stakeholders from animal (feed) production to support by-production valorisation
- Set up a stakeholder platform on food and bio-waste

Proposed monitoring framework for the implementation of the circular economy roadmap

EU circular economy monitoring framework (four categories of indicators):

- Production and consumption
- Secondary raw materials
- Waste management
- Competitiveness and innovation for the circular economy

Indicators measuring the progress made on increasing the use of economic instruments

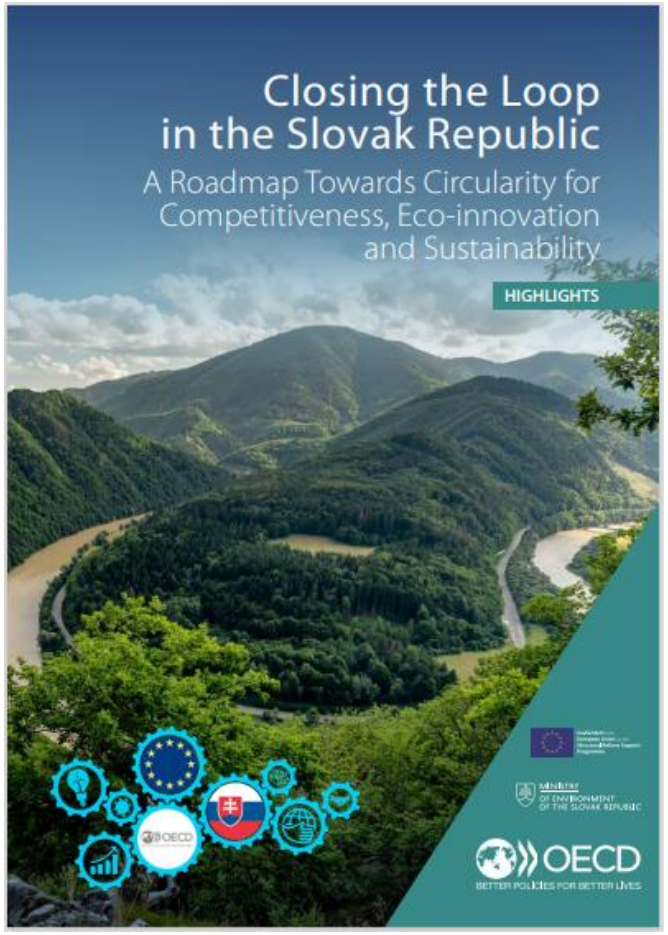
Indicators measuring the transition to a circular construction sector

Indicators measuring the application of circular principles in the food and bio-waste value chain

Publications and communication materials

Find the Highlights
(and report) at:

https://www.oecd.org/environment/waste/circular-economy-country-studies.htm



Thank you for your attention!

For more information, contact:

Peter.Börkey@oecd.org
Katarina.Svatikova@oecd.org

This project is funded by the European Union

MINISTERSTVO ŽIVOTNÉHO PROSTREDIA SLOVENSKEJ REPUBLIKY

OECD
BETTER POLICIES FOR BETTER LIVES