

**HOW TO IMPROVE THE ENVIRONMENTAL RISK ASSESSMENT OF COMPANIES?**

**CURRENT SITUATION AND THE CHALLENGE**

Currently, the Environmental Protection Department under the Ministry of Environment compiles and annually updates the lists of controlled economic entities; in 2020, the updated list contains about 29 thousand operators who pose some kind of a threat to the environment. Throughout the year the officials of the Department usually perform about 5-6 thousand scheduled inspections. In 2020 the National Audit Office noted in their report that there are about 280 thousand economic entities (enterprises and natural persons). Every economic entity poses a threat to the environment through waste, sewage, etc. Currently, the lists of controlled entities are compiled and stored in Excel spreadsheets, and their risks are assessed by filling in the relevant Excel forms. Eventually, on this basis, an annual inspection plan of the entities is compiled. The goal is to select and inspect the economic entities that pose the greatest threat to the environment, but due to the human factor and inefficient work tools, the selection (risk assessment) is not efficient or effective. As the risk assessment is carried out and the list of controlled entities is compiled by the officials, the Special Investigation Service assesses this as a potential risk of corruption. This problem affects state institutions, economic entities, and the whole society, as the entities that pose the greatest threat are not inspected, therefore the greatest threats to the environment and damage to nature are not prevented. This problem is relevant to all institutions exercising control over economic entities.

**SOLUTION**

The solution should automatically compile a list of controlled (inspected) economic entities (companies), include newly established entities, eliminate closed entities, automatically assess the environmental risks posed by economic entities, select a certain number of the most threatening entities from the list. This information should be compiled in the annual plan of inspections. After analysing the data of the performed inspections, the system would take this into account in the risk assessment of the economic entities of the next year, as well as compile the list of activities posing the greatest threat to the environment by activity (e.g. waste incinerators, wastewater treatment plants, chemical companies, etc.).

The solution will have to adapt to the legal requirements governing the direction, frequency of inspections, etc.

**IMPACT**

About 150 employees of the Department were involved in the list of controlled economic entities updating process and the identification of the companies posing the biggest threat to the environment. This process took about 3 months. The success of the solution would be to reduce the number of officials involved in the process and to shorten the duration.

**FUTURE OPPORTUNITIES**

If the prototype created meets the needs of the Department and is reasonably priced, the Department will initiate the open procurement procedures for a solution. We would like the developed solution to be continuously improved, ensuring the proper functioning of the solution. The possibility of extending this tool to environmental tax control and other areas would also be considered.



**ADDITIONAL INFORMATION THAT MIGHT BE RELEVANT (IN LITHUANIAN)**

The main legislation regulating the inspections of economic entities:

- Lietuvos Respublikos viešojo administravimo įstatymas
- Rizikos vertinimu pagrįstos ūkio subjektų veiklos priežiūros gairės
- Aplinkos ministro įsakymas dėl Planinių, neplaninių patikrinimų
- Departamento direktoriaus įsakymas dėl ūkio subjektų rizikos vertinimo



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