

## **THE TEN YEAR FRAMEWORK OF PROGRAMS ON SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS**

The structure of production and consumption in Hungary has changed immensely during recent decades and while some favorable trends have also appeared in the environmental load of production, inequalities between social groups in terms of the qualitative and quantitative parameters of consumption have increased rapidly and, on the whole, some detrimental environmental and lifestyle impacts have amplified. Increasing consumption is regarded by most people to be something good and desirable and this set of 'values' is mostly communicated by the media as well.

Hungary's structure of consumption is growing increasingly similar to that of Western European countries. Households' per capita average consumption is on the rise. A large part of the structure of consumption is made up of expenditures on foodstuffs. Although in recent years the proportion of healthy foodstuffs and organic foodstuffs has increased - though it is very low and lags far behind the EU-15 average - a rather high proportion of household consumption is made up of consumer goods, tobacco, and alcoholic beverages. The share of foodstuffs in total household consumption is followed by the most dynamically growing share of services - which advanced from the third to the second position in the early 90's - while the proportion of both foodstuffs and clothing have declined. The trend of gradually growing household consumption also hides some contradictions. On the one hand, households have contributed to reducing the consumption of energy and water, they contribute to the growth in motor vehicle traffic and also to the increase of the household waste output.

In terms of the internal proportions of the consumption structure, there are material differences between different income groups of society. In the case of some particular durable household goods, the number of units per 100 households increases in proportion to households' income.

The production and consumption of goods and services meeting the requirements of sustainability was started in the mid-90's, though not much progress has been observed in this field to date. Another sustainability issue may result from the fact that the steady expansion of the per capita household consumption is financed by people increasingly from loans and this entails a risk of growing indebtedness of a very substantial proportion of the Hungarian population.

- **Generic issues relating to the inclusion of SCP in national policies:**

- *Inclusion of SCP in development planning*

The SCP is one of the horizontal objectives of the National Sustainable Development Strategy, approved by the Government in 2007 ([http://www.ff3.hu/upload/NFFS\\_20070629\\_en1.doc](http://www.ff3.hu/upload/NFFS_20070629_en1.doc)).

The *EU Cohesion and Structural Funds tender procedure* incorporates the sustainability aspects during project selection and realization.

- **Green public procurement policies, laws and regulations**

Public procurement in Hungary is regulated currently by the Act No. 129 of 2003, which was modified by the Act No. 172. of 2005, and is fully complied with new procurement directives of the EU (18/2004/EC and 17/2004/EC). The new directives give a wide range of tools to implement environmental criteria in the public procurement process but they are not obligatory.

The first version of a Governmental Action Plan on Green Public Procurement has been drafted in 2007. It defined green public procurement target ratios and deadlines for the following groups of goods and services: computer and office machines, office paper, cleaning services, construction works and motor vehicles. The implementation would be carried out step-by-step, first focusing on computers and office machines, office paper and motor vehicles. The government's Centralized Purchasing Agency should be obliged to use the green public procurement to give a model for other institutions and local governments.

### Recognized barriers

The main problem in Hungary now is that there is no appropriate coordination which could promote green public procurement. There are more governmental institutions who are responsible for the legislation, execution and controlling of public procurement but none of them performs coordination. The Ministry of Environment and Water is the initiator of the process but a whole-governmental will and political support is needed to succeed.

According to the experience the public procurers:

- do not know exactly what green procurement is => lack of basic information
- do not have the proper knowledge to do green procurement in practice => lack of trainings
- do not have the appropriate tools for doing green public procurement => lack of standardized criteria and methods

A proper coordination and cooperation between the concerned governmental bodies would help a lot to make progress in this issue. After a common declaration stating that this tool is a very important one, the first information databases could be build and appropriate trainings could be started. At first step it would also be very important to use existing possibilities like the systems of Energy labels and labelled environmentally friendly products.

In July 2006, the Council of Budapest approved a green public procurement regulation, the first local authority green procurement regulation in Hungary. It is based on the *Green Procurement Manual for Local Authorities* prepared and published by the Center for Environmental Studies. The head of the Procurement Department hoped that the share of environmentally conscious purchasing of Budapest was going to increase significantly and before long, at least 40% of the calls for tenders would include environmental criteria (this share has been recommended by the EU). In order to achieve this, environmental aspects, as a rule, must be incorporated in all procurement deals, except for cases when urgency of the deal or excessive (by more than 20% higher) prices of environmentally friendly alternatives

make it impossible. In all other cases, a waiver should be obtained from the Environmental Department.

- **Instruments for sustainable consumption**

- *Awareness-raising programs/campaigns on SCP, including water conservation, energy efficiency, waste minimization and recycling*

There are several awareness raising campaigns and capacity-building activities, financed by various sources (EU funds, Hungarian governmental funds, Norwegian Fund, business and NGO initiatives) on energy saving, waste minimizing & recycling, sustainable consumption, healthy lifestyle, etc.

The MoEW has been running an awareness raising campaign on selective waste collection in order to encourage citizens to use the so called “waste collection islands” (groups of containers for selective collection of paper, metal, glass and plastic) throughout the country and to promote the selective collection of hazardous waste (medicine, batteries, used electric and electronic devices). The campaign “Drop your own!” won the EU environmental communication Best Practice Award in 2006.

<http://www.kvvm.hu/szelektiv/>

([http://ec.europa.eu/environment/networks/greenspider/bp\\_campaigns.html](http://ec.europa.eu/environment/networks/greenspider/bp_campaigns.html))

The new program of MoEW “Just one movement” was launched in July 2009. It gives practical tips for citizens on energy and water saving, waste reduction and sustainable lifestyles on the website of the program (<http://www.egymozdulat.hu/> - in Hungarian only) An energy saving calculator is available there after registration to assist monitoring of energy savings and CO2 emission reduction resulting thereof. Videos, games, school education programs are also available from the website. A promoting road show helps awareness raising in the country, visiting popular events, festivals.

**SCP Network in Hungary. Deliberation of sustainable consumption and production- Making an Impact – Collective Actions (2007-2008)**

The project, titled *Deliberation of sustainable consumption and production*, gives the chance to mobilize the civil society organizations (CSOs) in the Hungarian network and develop cooperative actions with other stakeholders. The REC Country Office Hungary cooperates with UNEP Wuppertal Institute SCP Center in the project and brings the voice of Hungarian CSOs in the European process.

The ‘Civil Society Platform on Sustainable Consumption and Production’ (DelibProcessSCP, 2008-2009) is a dialogue platform, which provides space and partnerships for civil society organizations to influence political decisions, information about funding opportunities, explores creative tools and identifies research needs. The project invites European civil society organizations to discuss three main impact areas (housing, food & drink, mobility) as the main domains for SCP and recommends options for policies and actions, which respond to the needs of civil society in cooperation with other stakeholders (researchers, governments and businesses).

For promoting sustainable consumption and sustainable lifestyle, such as sustainable food, housing and mobility, CSOs have an important role to play. They are needed for

urging governments and business to take action and encourage individual consumers in order to achieve more sustainable consumption and production patterns. However, they need support to become more active in different policy levels.

The work of the platform can serve for further improvement of the national SCP Action Plan and influence the further development of the EU SCP Action Plan as well.

*(Reported by the REC, Country Office Hungary, [www.rec.hu](http://www.rec.hu).)*

○ ***Policies and/or infrastructure to support citizens' choices for responsible consumption of products and services, including consumer information tools***

There are several means to support citizens' choices for responsible consumption. Besides the traditional information tools (eco-labels, energy efficiency labels, product labels) there are less formal but effective tools, like the "dirty twelve" – a governmental action to publish the most pollutant companies on an official website.

NGOs are also very active in this field. One of them is the Association of Conscious Consumers ([http://www.tve.hu/about\\_us](http://www.tve.hu/about_us)) that organizes events, campaigns, provides information on sustainable consumption and lifestyles and publishes a magazine, The Conscious Consumer. It is available at news stands and also on-line (<http://www.tudatosvasarlo.hu/magazin/archivum>).

"Green" NGOs – in cooperation with the Information offices of national parks and regional environmental inspectorates of MoEW – run the Network of Eco-counselling Offices since 1997; assisting citizens with advice on environment, nature conservation, sustainable consumption and lifestyle. ([http://www.kothalo.hu/index.php?option=com\\_content&view=article&id=64&Itemid=78](http://www.kothalo.hu/index.php?option=com_content&view=article&id=64&Itemid=78))

### **Eco-label in Hungary**

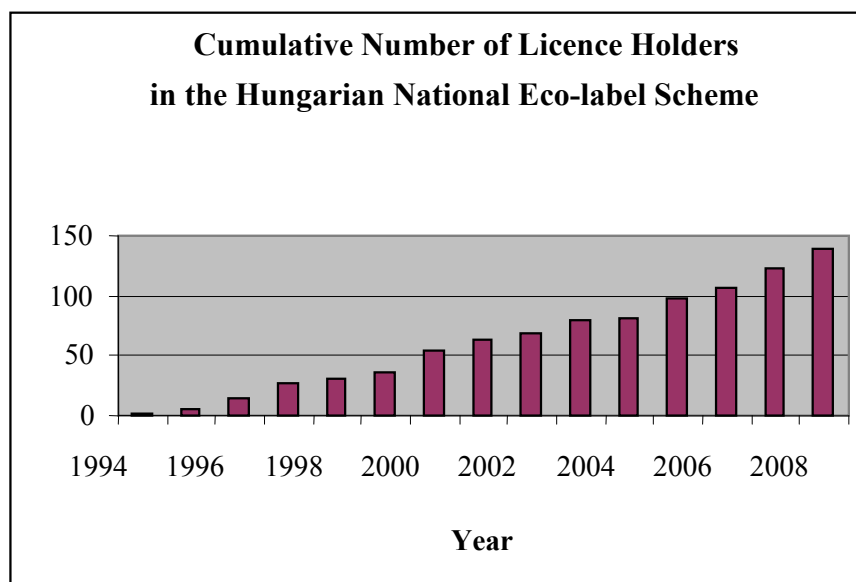
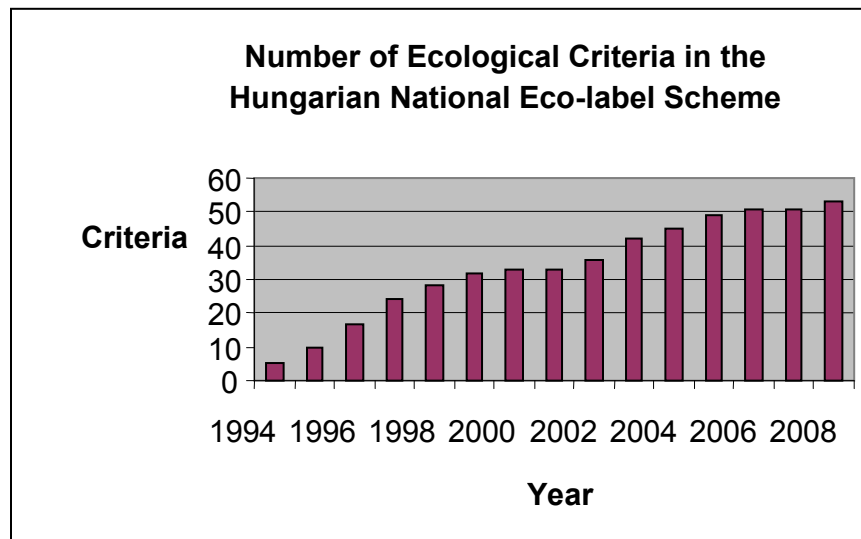
#### *Institutional and legal background*

In Hungary a national eco-label scheme has been operated since 1994 and the EU Eco-label scheme has been adopted from the date of the country's accession to the European Community (2004). The institutional capacity for implementing eco-labels is available since 1994, as the Ministry of Environment – first among the countries with similar economic and political circumstances – founded a special non-profit organization, the Hungarian Eco-labelling Organization to manage the task (<http://www.kornyezetbarattermek.hu/angism.htm>). National legal frameworks regulating the process of eco-labelling, the participation of interested parties and the tasks of the Hungarian eco-labelling Organization exist since 1997.

The related legislation is:

- Act No. 53 of 1995 on the general rules of the environmental protection;
- Decree of the Minister of Environment and Regional Development No. 29 of 1997 modified by the Decree of the Minister of Environment and Water No. 9 of 2004 on terms of use of the eco-label;
- Government Decree No. 83 of 2003 on the nomination of awarding authority for the eco-label of the European Communities.

The number of ecological criteria and the number of licence holder companies in the national scheme has increased permanently during the past 15 years. Currently there are 58 licence holders in the national eco-label scheme.



*Source: Hungarian Eco-labeling Organization*

The number of eco-labelled products rose by nearly 40% in Hungary from 2000 to 2008. The most important product groups were construction products, packaging materials and electrical appliances in the period examined. The share of eco-labelled construction products among all environment-friendly products was some 50% in 2008.

**Eco-labelled products, by character**

Product group	( number)											
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008 <sup>a)</sup>
Construction products	4	4	5	57	55	55	116	131	150	150	167	167
Packaging materials	..	..	..	104	144	144	112	40	59	151	130	130
Electrical appliances	-	-	2	36	36	25	35	47	43	43	20	20
Chemicals	..	..	..	17	17	16	20	20	11	8	7	15
Services	..	1	1	3	2	2	2	1	1	2	2	2
Transport equipment products	9	9	11	21	21	20	12	12	6	5	0	0
Other	..	5	5	5	5	5	5	0	0	5	5	5
<b>Total</b>	<b>13</b>	<b>19</b>	<b>24</b>	<b>243</b>	<b>280</b>	<b>267</b>	<b>302</b>	<b>251</b>	<b>270</b>	<b>364</b>	<b>331</b>	<b>339</b>

a) As of 30th April 2008.

Source: Hungarian Eco-labelling Organisation, Ministry of Environment and Water

The efforts to get the EU eco-label certification has increased also, the “EU Flower” was awarded to 6 companies so far, and more applications are under process.

Eco-labelled products and services are beneficiaries in the Hungarian product fee system and their role is increasing in the green public procurement.

Obstacles: Economic difficulties, low public awareness, competing and misleading labels are hindering the faster development of environmental labels.

Education, training and public awareness raising

Public awareness rising for eco-labels has been a priority in the implementation process but its degree depends on the financial possibilities. Several actions were taken, like publications, brochures, lectures at university courses, presentations at seminars, cooperation with educational institutions at consultancy, assessment of thesis, etc. A one-day seminar was successfully organized to celebrate the 10 years anniversary of the Hungarian eco-labeling scheme.

In order to increase public awareness of eco-labels, a major media campaign was performed in 2003. In 2009 a multi-component media campaign will be performed with the support of the EU and Hungarian National Development Plan. Television, radio and press advertisements will be involved in the campaign focusing on the “Green Month” period of the EU to ensure synergy with the efforts of other countries throughout the European Community. A publication is going to be published to assist public procurers in defining “green” criteria of tenders.

Participation of interested parties

Interested parties (environmental civil organizations, consumers’ organizations, industry, trade, science organizations, the Hungarian Accreditation Body and relevant ministries) are represented in the Assessment Committee of the national scheme regulated by the

relevant legislation. This committee is responsible for developing new award criteria based on life cycle assessment.

Proposals for new product groups are welcome from any stakeholder.

#### Financial resources

The implementation of both eco-label schemes in Hungary is subsidized by the MoEW, application fees and annual fees paid by the licence holders. Additional funds were grants obtained by tenders. Application and annual fees however do not cover the costs; additional funds are necessary, and further financial resources are needed to raise public awareness.

#### Future challenges

- Continuous implementation of National Eco-label, and EU eco-label as well;
- Raising public awareness, increasing the number of labelled goods and services on the market;
- Improving the participation of the interested parties in the Assessment Committee of the national scheme;
- Improving the communication with the public by an interactive homepage;
- Improving the financial incentives for applicants to take part in the eco-labeling system. Working out subsidy system for eco-labelled products and services (e.g. decreased product fee, advantage at public procurement, tax reduction);
- More extensive application of eco-label criteria in green public procurement tenders;
- Public awareness campaign, subsidies, increased presence of green public procurement will result in more eco-labelled products on the market; the increased consumption of labelled products and services will result in remarkable environmental benefits.

#### ○ **Curriculum development/formal education programs**

There are 250 primary and secondary *Eco-schools* involved in the integration of SCP in the schools' curriculum all over the country. Furthermore, 600 primary and secondary schools are teaching the Green Pack (developed by the REC) including sustainable patterns of consumption.

In vocational education and training SCP is a key topic for integration, introduction of new teaching methods and innovative tools.

Several kinds of programs, teaching and educational materials, education toolkits on sustainable consumption have been elaborated and are under development to assist education on SCP. They are financed by different sources (EU funds, Hungarian governmental funds, Norwegian Fund, business initiatives). For instance, a digital education toolkit on energy („Energy Experience”) was elaborated by E-ON Hungaria, an electricity and gas provider company. Another education toolkit entitled „Global climate change” was elaborated by the Budapest Polytechnic for Economics. The “Kyoto in the home” project ([www.kyotoinhome.info](http://www.kyotoinhome.info)) focusing on energy use and climate change supported by Intelligent Energy Europe (see in more detail in chapter “Means of Implementation”).

NGOs are also very active in developing educational programs, teaching manuals, toolkits.

- **SCP in national priority areas**

- *Inclusion of SCP in policies, laws, regulations, and guidelines*

SCP forms a horizontal priority area of strategic policy documents, such as the National Sustainable Development Strategy (NSDS) and the National Environmental Program (NEP). Both NEP-2 (2003-2008) and the current NEP-3 (2009-2014) deals with awareness raising, environmental education including awareness raising on sustainable consumption and specific provisions on SCP. Furthermore, the second National Development Plan (the New Hungary Development Plan) contains a horizontal angle of sustainability; there is a special call for projects on Sustainable Consumption and Lifestyle.

Barriers to implementation:

- there are no tailor-made bank loans for environmental changes and investments,
- harmful subsidies (ex for highways instead of railway),
- the long lifespan of products is not matching with the goals of the consumer society,
- lack of extended cooperation among companies and there is no greater industrial ecology.

- *Inclusion of measures and policies to improve the environmental and social impacts of products (e.g. life-cycle analysis, energy-efficiency standards, internalization of environmental and social costs)*

Application of *life-cycle thinking* is slowly growing in Hungary, it needs to be promoted. The Hungarian LCA Center (<http://www.lcacenter.hu>) has been established in 2008 in cooperation of Bay Zoltán Foundation of Applied Research, the Miskolc University, the FEBE ECOLOGIC and the KM-Project Ltd.. The aim of the association is to raise awareness on and to popularize the use of life cycle analysis, to further develop their methodology and to build network among research centers, universities and companies.

In accordance with EU Directive 2006/32/EC, Hungary submitted its *National Energy Efficiency Action Plan* in July 2007. It was approved by the Government on 14 February 2008. The objectives of the plan are:

- alignment of Hungary's energy policy initiatives with those of the European Union;
- finding the most cost-effective solutions for utilizing energy-saving potential;
- shaping consumer awareness and influencing the market in order to achieve long-term energy efficiency;
- informing market players of the structure and time frame of the plans;
- realization of the EU's energy efficiency expectations of member states; and
- consideration of climate protection aspects.

The time frame of the Action Plan is 2007 to 2013, which is consistent with the period covered by the New Hungary Development Plan (NHDP).



The plan focuses primarily on consolidating and expanding existing programs. The plan anticipates that Hungary will attain the annual 1% of savings in the use of energy, as provided for in the EU directive.

The plan also notes that additional savings could be achieved if other actions can be implemented, which is dependant on resources. Such other measures could include:

- extension of state aid in respect of replacing household installations with efficient ones, compact fluorescent tubes, etc.;
- state aid for the development of energy saving awareness activities;
- making obligatory the use of energy efficient office installations;
- extension of the system of specialists for energy management;
- promotion of the dissemination of building technologies resulting in the lowest use of energy;
- enforcement of air pollution and energy consumption requirements when new motor vehicles are entered into circulation (enforcement of the EU's gCO<sub>2</sub>/km Directive, initiation of a system of checking tyre pressures, energy efficient air-conditioners);
- strengthening of the energy aspect of environmental and traffic safety considerations in connection with the import of used vehicles; and
- in connection with the registration tax of vehicles and with the vehicle tax allowing the operation of vehicles, the favoring of motor vehicles with lower fuel consumption and better performance.

In 2006, Hungary passed Decree No. 7 of 2006 TNM on the establishment of *energy characteristics of buildings*, thereby transposing portions of the EU Directive on the Energy Performance of Buildings. In particular, this decree covers the first three of the five main areas contained in the directive. The decree:

- elaborated a national methodology for calculating the integrated energy efficiency of buildings;
- established minimum requirements for the energy efficiency of new buildings with a surface area of over 1000m<sup>2</sup>;
- established minimum requirements for large existing buildings (with a surface area of more than 1000 m<sup>2</sup>) regarding their energy performance in case they are subject to major renovation.

Requirements cover both specific U-values for different building elements, whole building heating load requirements, and gross energy requirements for heating, cooling, ventilation, domestic hot water and - except for residential buildings - artificial lighting. The rationality of using co-generation must also be verified.

The same requirements apply to new buildings and buildings undergoing major renovation, which is defined based on the building value: the cost of the renovation of the building envelope and/or mechanical systems must exceed 25% of the building's value.

Proof of compliance with the requirement is made in two stages, first when requesting a building permit, and second after building/renovation completion.

The methodology included in the annex to the decree is to be applied, as of 1 September 2006, among the supporting technical calculations included in the licensing design documentation of the building (earlier the calculation had to be made in accordance with

Hungarian standard No. MSZ-04-140/2:1992). The calculation is checked during the licensing procedure.

## **Implementation and operation of EMAS in Hungary**

### *Institution and legal background*

The European Community eco-management and audit scheme (EMAS) was introduced by the time of Hungary's accession to the EU. MoEW has the task to ensure the national legal framework and the promotion for the system.

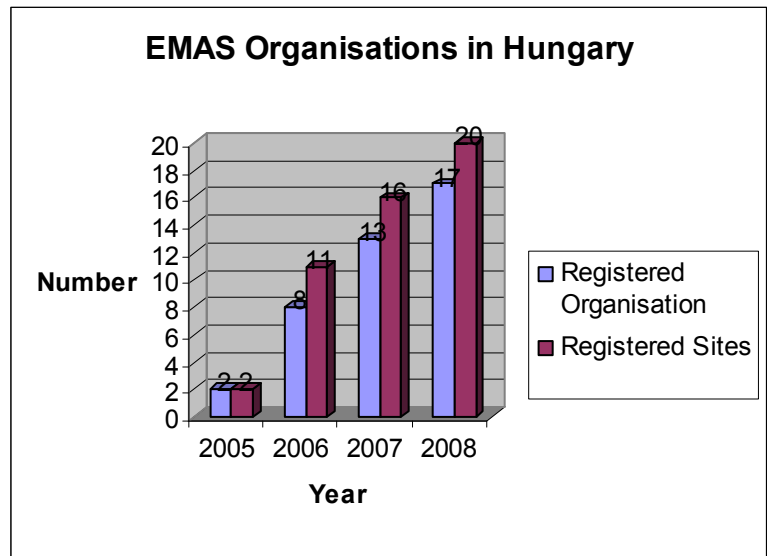
The independent and neutral institutions for the registration and for the verification procedures for EMAS were set up. The National Inspectorate for Environment, Nature Conservation and Water is designated as the Competent Body (CB), who organizes the registration process involving the environmental and accreditation authorities and makes the decisions on registrations.

The National Accreditation Board is designated as the National Accreditation Body. Its task is to accredit EMAS verifiers, making sure that verifiers are in compliance with the requirements of the EMAS Regulation.

### *The national legal framework:*

The rules and procedures concerning EMAS organizations in Hungary were established by the Government Decree No. 74 of 2003. Based on the three-year experiences in the EMAS implementation process, a new Government Decree (No. 214 of 2006.) was adopted.

The number of the EMAS registrations in Hungary has been increasing continually.



There are eighteen registered organizations with twenty-one registered sites in Hungary at the moment. There is no application and maintenance fee, in order to make EMAS more popular among interested and registered organizations, especially the SMEs.

### *EMAS projects*

Several successful projects have been organized in Hungary to prepare the implementation of EMAS registration:

- ***Hungarian-Danish Phare Twinning Light project (2005):***

Several trainings were held for the enforcement authorities/ inspectorates and for the potential EMAS verifiers. In order to disseminate information among interested organisations in the rural areas as well, roadshows were organised in four larger cities of Hungary.

Based on the Danish example a general leaflet about EMAS was published and distributed by the relevant local authorities and chambers.

- ***EU EMAS Easy Project (2006)***: EMAS Easy is a new methodology for SMEs that reduces the burdens of paperwork and external costs. A program with the slogan “10 days, 10 people, 10 pages”, a program that can easily be implemented by all companies no matter what size. Ten SMEs were prepared for EMAS in Hungary through the project.
- ***EMAS Easy Project II. (2007)***: A second round of EMAS Easy was launched under the coordination of KÖVET (Hungarian Association for Environmentally Aware Management), resulting in two new EMAS registrations. The project was partly financed by MoEW.
- ***EMAS Project of Municipalities supported by the EU LIFE financed NEST project (2004-2007)***: The aim of the project was to implement Environmental Management Systems in public administration, namely in municipalities. According to the EMAS regulation, four new registrations were achieved (cities of Dunaújváros, Győr, Miskolc, Sopron).
- ***EU TAIEX workshop on EMAS (2007)***: It was organized for Hungarian ISO 14001 companies, to draw their attention to EMAS by means of good practice in other member states and in the EMAS companies in Hungary, and to provide them with the necessary information on evaluation of the scheme.

An ***EMAS Round Table***, a voluntary EMAS forum has already been operating in Hungary for 3 years. The initiative came from companies' level: Audi Hungaria Motor Ltd. was the founder that intended to bring all EMAS players around a table to talk about current issues, obstacles and possible solutions. The Round Table seems to be an appropriate base for the successful communication among the main participants of the EMAS scheme in Hungary.

There has been a good inflow of ***EMAS supporting funds*** in Hungary. These funds have directly or indirectly been promoting SMEs' and local authorities' participation in the development of EMAS.

***Future plans:***

For a wider adoption of the EMAS scheme among Hungarian organizations EMAS has to be promoted in the future through a wide range of incentives, such as public procurement, funding support, technical and information support, regulatory benefits for EMAS registered organizations applying for an environmental permit. The frequency of inspections for organizations implementing EMAS can also be reduced.

The number of enterprises with ISO 14001 increases permanently, the total number in 2007 was 1254, nearly six times as much as in 2000.

***Economic instruments to promote SCP:***

There are series of economic instruments in use in Hungary to support SCP: energy tax (since 2004), environmental load charges (since 2004, for air, soil and water at the same time), product charges (since 2006, to pay for specific environmentally harmful product groups like tyres, refrigerators, batteries etc.), deposit refund system (non-binding

regulation since 2005), giving bond, charge on use of natural resources or utilization contribution, different types of fines, incentives and subsidies.

The National Development Fund based on EU Cohesion and Structural Funds: there is a special call for projects on Sustainable Consumption and Lifestyle, another call for projects on Environmental technology change for SMEs. The MoEW's "Green Source" program provides grants for NGOs to implement programs on environmental protection, sustainable development, education and awareness raising. The Norwegian and Swiss governments also provide grants for Hungarian civil organizations to promote such projects.

#### *Environmental taxes*

<i>Denomination</i>	1995	2000	2001	2002	2003	2004	2005	2006
<i>Environmental taxes total, HUF million</i>	133 481	363 349	379 030	417 398	451 190	492 313	548 737	567 093
<i>Out of which</i>								
<i>product charges, HUF million</i>	4 655	24 407	26 404	20 054	25 459	20 009	19 616	20 131
<i>taxes levied on energy, HUF million</i>	124 139	324 598	335 871	368 656	390 849	415 712	469 673	483 843

*Source: HCSO. Ministry of Finance*

#### ○ *Public, parastatal and private institutions involved*

The ***Hungarian Network on Sustainable Consumption and Production*** (HNSCP) has been established in November 2002 on the initiative of UNEP Regional Office for Europe and under the coordination of the Regional Environmental Center for Central and Eastern Europe (REC). The members of the Network are representatives from government offices (ministries responsible for environment and water, economy, transport, finance, education), business (National Federation of Employers, chambers, companies), civil organizations (consumers' organizations, associations for environment-friendly production, other "green" organizations), academic sector (universities and the Hungarian Academy of Science) and the media (broadcast stations and papers). The network contributed to the elaboration of the National Framework Program on SCP and gives a platform of information exchange as well, in an advisory role (<http://www.rec.hu/hftf/>).

The ***"Energy Centre"*** Energy Efficiency, Environment and Energy Information Agency Non-Profit Company (owned by the Ministry of Transport, Telecommunication and Energy) is the national energy agency responsible for the improvement of the energy efficiency and renewable energy utilization. The Energy Centre manages most of the statistical issues related to energy, managing subsidies and loans for energy efficiency and renewables, and prepares the strategy of the government concerning energy efficiency and renewable energy sources, and carries out the energy agency activities. (<http://www.energiakozpont.hu/index.php?p=181>)

○ *Enabling infrastructure and institutions for sustainable lifestyles*

NGO actions for consumers:

- Association of Conscious Consumers (<http://tve.hu/contacts>),
- Network of Eco-Counselling Offices (<http://www.kothalo.hu/content/view/25/50/>),

For companies:

- Hungarian Cleaner Production Center ([http://hcpc.uni-corvinus.hu/exp\\_eng/index\\_exp.htm](http://hcpc.uni-corvinus.hu/exp_eng/index_exp.htm))
- KÖVET Association for Sustainable Economies (<http://www.kovet.hu/view/main/108.html>),
- Hungarian Business Leaders Forum (<http://www.hblf.org/index.php?lang=english>)
- Business Council for Sustainable Development (<http://www.bcsdh.hu/index.php?page=2&l=1>)

○ *Eco-efficiency/eco-design programs*

The ***National Energy Conservation Program*** has been offering energy efficiency grants to households each year for the last 6 years. In 2008, five different types of energy efficiency improvements were subsidized as part of the program, each with a different subsidy intensity (SI), that is the percentage of the overall investment that is subsidized by the state.

- Change or insulation of windows and doors, SI of 15% up to a maximum per dwelling of HUF 265,000
- Improvement of heating and hot water supply (eg. change of boiler), SI of 20%, up to a maximum per dwelling of HUF 400,000
- Thermal insulation of existing buildings, SI of 20% up to a maximum per dwelling of HUF 400,000
- Complex energy efficiency improvement of buildings, SI of 18% up to a maximum per dwelling of HUF 720,000
- Use of renewable energy (biomass, geothermal energy, wind, waste, solar collectors and Photovoltaic) for generating heat and/or electricity, SI of 25% up to a maximum per dwelling of HUF 1,000,000

The ***Environment and Energy Operative Program*** commenced in October 2007, with assistance from the EU Cohesion and Structural Funds. It is one of the programs put in place to implement the New Hungary Development Plan 2007-2013, which was agreed to by the Hungarian government on 25 October 2006.

The operative program has six priorities, two of them are energy-related ones. No. 4 concerns increasing the use of renewable energy, while No. 5 concerns increasing energy efficiency. Financial allocation for these two priorities amounts to EUR 440 million, which is 8% of the total operative program.

***Apple of our eyes:*** The Hungarian government announced a partnership with Energy Service Companies (ESCOs) to improve the energy efficiency of buildings used for public education.

As announced, the ESCOs will upgrade the buildings' heating and lighting and insulation. Cash conserved from spending on energy bills will fund the installation and upkeep of further efficiency measures in public schools and profit the ESCOs.

The ***"Panel Program"*** grant funds the renovation of residential buildings built with prefabricated panels; these are large, 10 storey buildings with low thermal U value. The grant includes some funds for renovation of roads, parking areas, playgrounds and parks in the buildings' vicinity.

Eligible energy conservation actions include change of doors and windows, thermal insulation of walls and ceilings, modernization of HVAC systems.

The Hungarian state will refund renovation expenses to a maximum of one third of the total investment, an amount not to exceed HUF 500,000 per residence. The remaining two-thirds of the investment can come from the local municipality and from the dweller (own contribution).

Emissions avoided by this efficiency upgrade may qualify for trade.

- **Promotion of Corporate Social Responsibility in the sector**

CSR is a relatively new phenomenon in Hungary. Hungary is leader in CSR in Central and Eastern Europe but there is still room for accelerating CSR practices among Hungarian companies.

The first movement of CSR in Hungary was mainly connected to donations and philanthropy. Today it's no question anymore that CSR is much more than promoting social issues.

The key issue for Hungarian companies is to understand that CSR is not equivalent to merely establishing environmental and social programs and management systems. CSR is a strategic approach on how companies can do their business responsibly. It should appear in every decision, action, program. KÖVET Association for Sustainable Economies tries to promote it by presenting good practices (<http://www.kovet.hu/view/main/108.html>).

KÖVET, in partnership with several national partners, including CSR Europe, has been granted EU funding for a project titled **TRAIN4CSR**. The project is financed by the EU Leonardo da Vinci program and its main objective is to develop CSR training material with a new approach in terms of training methodology. As a result of the two year project, an adaptable, state of the art CSR training will be created in four languages (English, Hungarian, Italian and Spanish). Training modules will be available on 8-10 topics, based on an extensive analysis of needs.

The **BeSmarter program** aims to help SMEs to implement an environmental management system called EMAS Easy, which is based on EMAS with a simplified method (cost and human resources effective).

Another SME project is called **Alternative Entrepreneurs** which objective is to accelerate CSR best practices among SMEs. KÖVET collects case studies from small businesses where profit is an important instrument, but not the final objective; whom they think are the closest to economic actors working in harmony with the ideal of sustainable development.

For multinationals and big businesses they provide different services such as sustainability report verifications, trainings, workshops for experience sharing and R&D projects - as an example life cycle assessment, environmental communication, and sustainability performance evaluation.

Every year, KÖVET organizes an Annual Conference with Environmental Saving Awards. Companies, that submit the best proposals for the '**Money Back through the Window**' program (which is one of KÖVET's most popular and successful projects) are being awarded. Case studies are collected to prove that money spent on environmental protection is not "money thrown out the window", but rather a good investment that pays back in a short period, and gives economic advantages to environmentally aware companies.

Case studies have been gathered annually since 2002. Over the last six years, they have collected 262 case studies from 56 different businesses with a total saving of 58.8

million euro. Every year, they have published a case study book, and in 2007 created an online database available in Hungarian and English (<http://www.environmental-savings.com/>).

*(Based on the interview given by Mr. Csaba Bodroghgyi, managing director of KÖVET Hungaria)*

- ***R&D incentive or support provided***

The European Technologies Action Plan (ETAP) of the EU was adopted in 2004. For the implementation the Member states have prepared their own national action programs. One of the main objectives of the Hungarian action program is to help the research results getting to the market. One of the initiatives in this field is the **National Technology Program**. It supports mid-term R&D activities which have a potential for bringing about scientific and technology break-through in the given field. The National Office for Research and Technology allocated an annual budget of HUF 18 billion for the purposes of the Program for 2008-2009. One of the sub-programs is the 'Liveable and Sustainable Environment' program. The aims of the sub-program include preserving natural and built environment, applying environment-friendly technologies, preventing pollution, improving the economic efficiency of technologies applying renewable energy sources. Promoting environmental industry and technology R&D, environment protection, prevention of and decreasing pollution of the environment. In the second turn of 2008 16 applications were supported by HUF 7,8 billion in the sub-program on sustainability.

In the framework of the **Economic Development Operational** program the 'Changing Technology for the Environment' program had been started aiming at the promotion of eco-friendly technologies. It encouraged the advanced environmental technologies in order to reduce the environmental burden and/or decrease the use of natural resources. The program was a new construction, so in the first year (2008) the number of applicants was rather low, but the program is becoming more and more popular.

In the subsidizing scheme of the Economic Development Operational Program, **EMAS** and other environmental management systems are considered as advantage. The aim is to enhance the application of such systems. Special grant was offered for introduction environmental management systems.

The above mentioned programs gave financial promotion for research, investments in environmental technologies and for improving market positions of environmental technologies and services. The introduction and certification of environmental management systems were also enhanced while contributing to the better environment as well.

- ***Programs to integrate sustainability in distribution/retailing***

There are some voluntary initiatives to integrate sustainability aspects in the retail sector. Selective collection of certain types of waste (packaging materials, batteries) is offered by some retail chains in Hungary. Growing trade of organic products (especially organic food but also clothing made of organic cotton), growing range of Fair Trade products



available in shops are signs of this positive trend. Awareness raising could increase the demand for these products and therefore could help the expansion of supply too.

***In your basket – Environment and Health*** (campaign of REC Country Office Hungary)

Campaign for environment- and health-aware changes in Hungarian consumer patterns; greening retail chains

Overarching objective of the project: promoting the spread of sustainable consumption and the linked purchasing habits and behavior, focusing on food and daily consumer products.

The aim of the project is to make consumers aware of importance of resource and energy saving, waste minimization and to contribute to the establishment of a more environment- and health-aware consumer culture on the long-term. It aims at increasing the demand on environment sound products and raising consumers' knowledge on environmental management systems (ISO, EMAS) and eco-labels. The activities of the project include research on purchasing habits of consumers in supermarkets, opinion pools, creation of communication channels among consumers, retail management and consumer protection organizations, on-line education materials, elaboration of program proposal on popularization of more sustainable consumer behavior and awareness raising.