

## May-June 2021 UN Climate Change Conference

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### Multilateral Assessment

A compilation of questions to - and answers by - Hungary  
exported on 01-06-2021  
by the UNFCCC secretariat

Question by Japan

at Monday, 05 April 2021

Category: Assumptions, conditions and methodologies related to the attainment of its quantified economy-wide emission reduction target

Type: Before 05 April

Title: Afforestation in Hungary

We would like to know the reason of the fact that afforestations have practically stopped recently in Hungary (BR4, page 34~35). Do the efforts towards on climate change often affect the social landscape of the country?

Answer by Hungary

Afforestation is definitely a land use issue. Due to the border changes in Hungary after the First World War, the country's forest cover decreased significantly (to 11%), which has been increased to 21% since then. In the last 10 years, the previously average annual afforestation of 8-10 thousand hectares has significantly decreased. The primary reason for this is the appreciation of the use of arable land for agricultural purposes. In addition to rising food prices, subsidies for agricultural activities under the European Union's Rural Development Program, the Common Agricultural Policy, have favoured agricultural land use. At the same time, the attractiveness of support for afforestation has decreased and afforestation as a long-term investment, in many cases due to its uncertainty related to climate change, and in some cases late support payments due to protracted afforestation, have significantly reduced landowners' activity.

Recognizing the importance of increasing the forest area, which is essential for reducing the pace of climate change and achieving the country's climate neutrality by 2050, from 2019 we encourage landowners to use alternative, climate-conscious uses of lower quality arable land by significantly increasing afforestation subsidies. As a result of the incentive, farmers have applied for support for 28,000 hectares of afforestation in the last two years. For the period of the EU Rural Development Program for 2021-2027, we plan to maintain the rate of afforestation which was typical of the last two years of afforestation and possibly further increase it by providing the necessary resources.

Furthermore, there are several Hungarian climate policy related documents which can effectively contribute to the increasing forest cover. Namely, the Hungarian climate policy framework is laid down in Hungary's second National Climate Change Strategy which was adopted in October 2018. In 2020, the Government adopted five domestic climate and energy related strategic documents. These documents also take into account the importance of the forest cover. In the 1<sup>st</sup> Climate Change Action Plan there are concrete measures in connection with sustainable forest management.

In addition, in February 2020, the Prime Minister of Hungary announced an 8-point Climate and Environmental Protection Action Plan. It contains a measure which deals with reforestation/afforestation activities. Under the fifth action point, we plant ten trees for every new-born baby, amounting to one million trees a year.

Finally, Hungary prepared and submitted its draft Long Term Strategy that sets the principles for reaching climate neutrality by 2050. This strategy also takes into account the relevance of forested area in terms of its carbon sink capacities. The final strategy is to be approved in 2021 and will be submitted to the UNFCCC.

### **Do the efforts towards on climate change often affect the social landscape of the country?**

We do not have exact numbers about the effect of climate change on the social landscape. However, we conducted a survey in preparation of the draft Long Term Strategy at the end of 2019. The survey contained mostly general questions about climate change, but some forestry related questions also appeared. According to its results, the need for afforestation/reforestation appeared several times among the responses. It was a clear message to the Hungarian Government from the Hungarian population, that we have to continue to pay attention to these activities, and we do so.

As it was also mentioned above, after this survey in February 2020, the Prime Minister of Hungary announced an 8-point Climate and Nature Protection Action Plan. The fifth action point is about afforestation/reforestation. Under this point there is strong cooperation between the Ministry of Agriculture and the Ministry for Innovation and Technology.

Nevertheless, we acknowledge that afforestation transforms the landscape, which is clearly a positive change. Forests are known to have a wide range of ecosystem services: in addition to their economic value, arable land, water resources, the protection of agricultural production, the role of improving the macroclimate, and recreational services make the landscape safer, more valuable and more liveable.

At the same time, it has to be acknowledged that the job creation capacity of forests is often below the potential of agricultural use, which can contribute to reducing the retention capacity of rural areas. In case of agricultural utilization, it is already becoming increasingly difficult to find a suitably qualified and numbered workforce, which is increasingly true for forestry as well. In the case of forestry, further disadvantage is that the processing of forest products (wood, herbs, mushrooms, etc.) is unfortunately only slightly linked to the place of production and collection.

However, increasing forest cover would provide favourable opportunities for forest tourism, local increase of recreational revenues, which, with the exception of key tourist destinations, is significantly below the desired level. By a better use of the aforementioned opportunities, we could also provide better livelihood opportunities for those living in forested areas, and these areas may even become more attractive for smaller investments.

Apart from the latter there is also a potential in the afforestation of repurposed mining sites. For instance, in Hungary, within the framework of just transition there are currently plans for two counties for the repurposing of mining sites, including through afforestation.

We can also mention the increase in the proportion of forests under nature protection, which, as a typical means of preserving biodiversity, due to the introduced farming restrictions, can also reduce the retention capacity and job opportunities of the population in the affected area.

That is why we recommend sustainable forest management which is the most effective way to ensure the preservation of natural values and development of the landscape, the protection of livelihoods for the population and, above all, the preservation and enhancement of the climate protection role of forests.

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Question by Canada

at Monday, 05 April 2021

Category: Progress towards the achievement of its quantified economy-wide emission reduction target

Type: Before 05 April

Title: Impact of COVID-19 and mitigation policy

Looking back at the last year and the impact of the COVID-19 pandemic, what have you learned or experienced that may impact the design of mitigation policies going forward? What lessons could other countries learn from your experience?

Answer by Hungary

In Hungary - in an international comparison - COVID-19 pandemic did not have serious impact on the energy sector. There was a very small decline in energy consumption in Q2 of 2020, mainly in the oil sector partly due to the partial shutdown. There was a shift among the sectors in the consumption: due to home-office, the consumption of the residential sector increased, while there was a small decline in the consumption of the industry and the transport sectors. The energy supply was continuously ensured because of the previous diversification efforts of the Hungarian Government. Although, the energy supply in the country was not in danger, it is also true that more efficient organization was needed.

At the same time, the pandemic has drawn the sector's attention to many issues. The pandemic once again highlighted the importance of security of supply. Energy security remains a cornerstone of our society, especially in times of crisis. The pandemic has disrupted supply chains. Some investment activities mainly in the use of renewable energies faced disruptions due to lockdowns. For example, the pandemic had a temporary negative effect on the installation of solar PVs.

Challenges like this have further reinforced our desire to be as self-sufficient as possible, at least at European level. Strengthening our independence has therefore become more important.

Clean energy transition has been at the centre of economic recovery and stimulus plans. During the pandemic, within the framework of the Economy Protection Action Plan, applications have opened for a “High-tech and Green and Hungarian” call with a budget of HUF 50 billion to increase SME efficiency. The grant money that may cover up to 70% of efficiency-boosting investment costs at microbusinesses and SMEs that pledge to keep at least 90% of their employees on payroll.

One of the bases of Hungary’s recovery and resilience plan is the green transition. The plan includes key measures in sustainable transport, renewable based energy transition and the circular economy. Investing more in energy transition will stimulate job creation and economic development while reducing emissions.

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Question by United States of America  
at Monday, 05 April 2021

Category: Progress towards the achievement of its quantified economy-wide emission reduction target

Type: Before 05 April

Title: 2050 targets

The BR4 states that the Hungarian National Climate Change Strategy II targets decarbonization between 52 % and 85 % in 2050 (compared to 1990), yet the proposed Clean Growth Strategy aims to achieve the 100 % decarbonization until 2050. Can you elaborate on the different targets in these two complimentary strategies and whether you intend to harmonize these goals?

Answer by Hungary

Thank you for your observation on the inconsistency between the National Clean Development Strategy and the National Climate Change Strategy II. The NCCSII has set an indicative decarbonization range in 2018. Since this time many new scientific evidence have suggested that in order to reach the goals of the Paris Agreement, climate neutrality needs to be achieved globally by around 2050. This is why the European Union collectively, and Hungary domestically set a net-zero emission goal by 2050. In 2020 June, Hungary has enshrined two important decarbonization goals in law (the highest regulatory level): we will decrease our emissions by at least 40% till 2030 compared to the 1990 levels and reach full climate neutrality by 2050. The NCCSII will be revised accordingly when the revision time is due according to Law LX. of 2017 by the latest.

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Question by United States of America

at Monday, 05 April 2021

Category: Progress towards the achievement of its quantified economy-wide emission reduction target

Type: Before 05 April

Title: Lessons learned from implementing multiple PAMs

Hungary has provided many examples of both sector specific and multisectoral PaMs. Can you share any lessons learned in developing these policies, specifically regarding ensuring coverage or managing overlap?

Answer by Hungary

The basis of mitigation PaMs is in most cases the planning documents. All relevant departments take part in the drafting of the documents or the documents are discussed by them, thus overlaps can be avoided. It also helps that in 2018 energy and climate policies were integrated under one state secretariat and the Ministry for Innovation and Technology is responsible for most of the fields relevant for climate change mitigation.

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Question by United Kingdom of Great Britain and Northern Ireland

at Thursday, 01 April 2021

Category: Assumptions, conditions and methodologies related to the attainment of its quantified economy-wide emission reduction target

Type: Before 05 April

Title: Mitigation impacts of policies and measures

Hungary's Technical Review Report highlights that Hungary did not provide the estimated emission reduction impacts for its policies and measures. Please could Hungary share the key barriers to estimating the reduction impact of its policies and measures?

Answer by Hungary

A comprehensive system for estimating emission reduction impacts of policies and measures currently does not exist in Hungary. In some cases, impacts on GHG emissions are chosen as an indicator for a certain policy intervention. Thus, impact assessments are carried out subsequently to implementing the policy, to measure their impact.

The last couple of years work has been done to set up the necessary modelling framework to create better GHG emission projections and to provide ex ante assessment of PaMs. This work has not been finished yet, but we expect to have estimates on all major policies by the end of this year.

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Question by New Zealand

at Thursday, 01 April 2021

Category: Assumptions, conditions and methodologies related to the attainment of its quantified economy-wide emission reduction target

Type: Before 05 April

Title: Emissions pricing

The report on the technical review of Hungary's BR4 notes that the EU ETS is not included as one of its PaMs (refer page 10). Does Hungary plan to introduce any other forms of emissions pricing, such as border carbon adjustments?

Answer by Hungary

The EU ETS is an EU-wide climate policy. Its application was made obligatory for all EU Member States, and Hungary does apply it. The reason why it was not listed amongst the PAMs is simply administrative: the EU ETS is not a measure specifically introduced by Hungary but it is a PAM of the EU. Therefore, we thought it would have been a duplication if all EU Member States, one by one, would record EU ETS as their PAM.

Further expansion of carbon pricing to other sectors and the possible introduction of the CBAM is currently being considered on the EU level, and the European Commission is expected to publish its legal proposals in July 2021. If these new measures would be introduced at all, it would be an EU-wide measure which Hungary would be obliged to apply. At this point there is very little information on how a future CBAM would be designed. However, during the decision making process it has to be made sure that any possible CBAM measure would be compatible with WTO rules and would serve climate-related purposes.

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Question by New Zealand

at Thursday, 01 April 2021

Category: Assumptions, conditions and methodologies related to the attainment of its quantified economy-wide emission reduction target

Type: Before 05 April

Title: Energy saving programme for public buildings

Can Hungary please provide an update on the 'Energy saving programme for public buildings'? Does Hungary have any lessons that it learned from this programme to share?

Answer by Hungary

In line with Article 5 of the EU Energy Efficiency Directive, it is crucial for the public institutions to play an exemplary role in the field of energy efficiency. To achieve this, it is necessary to formulate stricter legal obligations for the operators and the owners of public buildings, as well as to make them interested in both implementing energy efficiency modernization measures and switching to energy-efficient building management.

In order to achieve this objective, Hungary set up the Network of National Energy Experts in 2017, which aims to support the energy efficient operation of public institutions, including local authorities, first of all by providing free advice on energy efficient operation of buildings. This measure definitely contributes to the improvement of energy efficiency of public institutions.

As for the non-refundable funds provided by the European Union in Hungary, in the programming period of 2014-2020 there were two Operational Programmes available for public institutions, namely the Environmental and Energy Efficiency OP and the Territorial and Settlement Development OP. There is a large number of specific Government decisions on project support, but several planned developments still could not be implemented. Thus, we believe that responsible project planning needs to be strengthened.

Furthermore, it is of key importance to involve ESCOs and provide financial sources with a lower grant rate, in addition to the non-refundable funds. The planning for the 2021-2027 Multiannual Financial Framework is currently underway, but Hungary plans to continue to provide non-refundable resources for energy developments in public institutions (e.g. with special attention to healthcare institutions).

The "Bright Smart Schools Program" was launched in 2019 and it is financed in an ESCO construction. In the framework of the program, the lighting system of some 200 vocational training centre buildings are currently modernized. The program will be extended to several types of public buildings under the name of "Bright Smart Institutions", which aims to generate energy efficiency projects in 2,500 public institutions.



Hungary introduced the Energy Efficiency Obligation scheme on 1 January 2021. In the framework of the scheme, obliged parties - licensed electricity traders and universal electricity providers, licensed natural gas traders and universal gas providers, companies selling transport fuel to final consumers - implement energy efficiency measures or use the option of buy-out, meaning that instead of implementation of any measures, they pay the energy efficiency contribution. Obligated parties implement energy efficiency measures that result in energy savings for end-users, so we are convinced that the scheme is a key element in cost-effectively achieving our energy saving and energy efficiency goals and it can contribute to the energy efficiency modernisation of public buildings, too.

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Question by New Zealand

at Thursday, 01 April 2021

Category: Assumptions, conditions and methodologies related to the attainment of its quantified economy-wide emission reduction target

Type: Before 05 April

Title: National Implementation Programme on Waste Water Collection and Treatment

Can Hungary please provide additional information on the National Implementation Programme on Waste Water Collection and Treatment? What are the current targets set for this?

Answer by Hungary

The deadline for complying with Directive 91/271 / EEC on urban waste water treatment (hereinafter: the Directive) in the Treaty of Accession of Hungary to the European Union expired on 31 December 2015. The tasks required for compliance were included in the National Implementation Programme on Waste Water Collection and Treatment. Hungary's primary objective remains to ensure continued compliance with the requirements of the Directive. With regard to wastewater treatment, in addition to the provisions of the Directive, 91.3% of wastewater also went through the third stage of treatment in 2019. Hungary aims to further increase the 82.6% share of dwellings connected to the sewerage network in 2019, for which the legal and support framework are ensured.

From funds planned in the 2021-2027 EU budgeting cycle, Hungary set the goal of reconstructing existing systems and implementing developments at wastewater treatment plants in order to preserve the quality of surface waters and increase energy efficiency. The use of renewable energy sources and the application of the circular economic model can also play an important role: e.g. utilization of sewage sludge and treated wastewater. Following the ongoing revision of the Directive, the direction of development will be determined by the new regulations.

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