

## **ACTION PLAN PROPOSAL**

### **on the protection of our natural heritage and the sustainable use of our natural resources**

As the Parliament's advisory and interest reconciliation body established in 2008 based on political consensus, the National Council for Sustainable Development (NFFT) urges to promote social agreement in order to protect natural resources and their services essential for human existence and to maintain social prosperity thus serving the public good.

This proposal exclusively focuses on the natural, environmental aspects of the sustainability shift but we would like to stress that the centre point of the National Framework Strategy on Sustainable Development is people and that the Council has always emphasized the crucial importance of the human and social dimension of sustainable development including the significance of common values and communities based on solidarity and love, in the transition to sustainability.

Reaching the end of the first half of the National Framework Strategy on Sustainable Development, the NFFT discussed the condition of and the trends in our natural resources and their ecosystem services in three plenary sessions. The agenda of these sessions was the land use on October 26th 2018, climate change on March 12th 2019 and social metabolism on May 30th 2019. The relevance of these thematic discussions is further increased by the publication on May 6th 2019 by the UN's Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) of a comprehensive report on the state of the Earth's natural resources, habitats, animal and plant species finding a dramatic rate of deterioration and calling for urgent action.

The summary of the experiences from these discussions and our proposals to address current issues is presented below.

## EXECUTIVE SUMMARY – OUR PROPOSALS IN SEVEN POINTS

- 1) **Sustainability shift:** Immediate and effective changes, a sustainability shift is required to be able to protect our natural assets and the nation's heritage and to ensure that the loss of ecosystem services does not threaten our well-being in the short and long term. While the sustainability shift requires the involvement of all the actors of the Hungarian society, the first steps need to be taken by the Parliament and the government in order to introduce the incentives and regulations allowing local governments, businesses, households and intermediary institutions to take the adequate actions, to properly inform the people on the reasons and necessity of the shift and to enable a national, open dialogue on the issue.
- 2) **The results of the sustainability shift:** The sustainability shift is not for its own sake. We stress that Hungary's Fundamental Law is a statement and the fundamental document of the commitment and political determination to support sustainable development. An essential and irreplaceable requirement for the implementation of the principles of sustainability is the respect for the nation's shared fundamental values and the compliance with the provisions of the Fundamental Law in order to achieve the strategic goals including being one of the top five countries in the EU with the best quality of life, to honour our values based on Christian culture and to build an innovation-based competitive economy.
- 3) **Establishing the legal framework of sustainability:** In harmony with the Fundamental Law, a legal framework to allow the achievement of sustainable development as a national objective needs to be established. First and foremost, a framework law defining the necessary responsibilities of the central and local governments to implement the transition to sustainability as well as the principles, tools and institutional system of the economic shift required for sustainability should be adopted. Secondly, the effective sector-specific regulations significantly affecting sustainability should be revised based on the provisions of the Fundamental Law and the framework law on sustainable development.
- 4) **Horizontal coordination and integration:** Sustainable development needs to be interpreted correctly: sustainability is an attitude deeply affecting all social action areas and a set of criteria that must be fulfilled in all socio-economic sectors and at regional level in a coordinated manner. Treating sustainable development as an independent policy area capable of correcting the negative side effects generated by the normal operation of other policy areas on its own is a wrong approach.
- 5) **Sustainability as an economic policy shift:** One of the most important tools of the sustainability shift is the adjustment of economic policy strategies, incentives, taxes and regulations to the scarce natural resources still available. We recommend the reduction of environmentally harmful subsidies, the increase of the rate of ecological taxes (without raising total redistribution) and the introduction of new forms of subsidies promoting the transition to sustainability. We also define sustainability as the basis of competitiveness.

- 6) **The external criteria of the sustainability shift:** Often, natural resources cannot be divided by national borders with many ecosystem services having global or continental sources. As a result, the adoption and improvement of international and European regulations regarding the sustainable management of natural resources is of paramount importance. Consequently, the shift proposed in this document at national level should also be promoted internationally and we recommend that Hungary actively works to support this in international cooperation platforms, especially in the Carpathian Basin and the European Union.
  - 7) **Key sectors of action:** The strategic elements of the sustainability shift should be the **transformation of land use**, the **circular economy** and the **low-carbon economy**. The key areas of the sustainability shift are sectors with high demand for land and materials, including the construction industry, the agriculture, transport and the energy sector. To achieve the shift in these sectors, the incentives and the restrictions should be adequately adjusted, attitudes should be changed and innovation and technology developments to reduce the ecological footprint should be promoted.
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## **ACTION PLAN PROPOSAL**

*Assessment of current state: The significance of nature and the characteristics of the environmental crisis*

- 1) The biological conditions of **human existence** and the generation of products necessary for social well-being **are provided for by the services of nature** that are mostly unnoticeable but at the same time indispensable or difficult to replace. In harmony with modern economics, nature is defined by the National Framework Strategy on Sustainable Development adopted by the Parliament in March 2013 as a national resource and the related **ecosystem services** as the yield of that capital. Accordingly, the protection, nourishment of our natural heritage, the preservation and sustainable, lasting use of our natural assets is a fundamental obligation of any society and the essential requirement for any country to thrive and prosper in the long term.
- 2) The economic growth and the increase in the prosperity of people in the last centuries have been going hand in hand with the gradual exploitation of natural capital. By the early 21st century, the rate of the use of nature reached a point beyond which the continued destruction of nature could compromise human existence, significantly restrict the growth of social well-being and in certain cases even prevent the maintenance of the achieved levels of prosperity.

Growing land use (which restricts other species living on the Earth to have access to the required land), the increasingly multiplying amount of material use (which come from nature and whose by-products and waste re-enters the ecosystem as contamination) and the rising rate of greenhouse gas emissions led to climate change causing a dramatic biological destruction globally in the

last decades and continuing even nowadays. **Nature and wild life is being destroyed and lost in magnitudes and rates unprecedented in human history.**

Human actions have caused significant changes in third-fourths of terrestrial habitats and two-thirds of sea ecosystems. Globally, around 1 million species are threatened with extinction. In 50 years, over half of the vertebrate species were driven to extinction and the populations of insects (including pollinators) have decreased

by nearly the same rate while all levels of nature experience a large degree of loss.

In Hungary, over 90% of aquatic habitats having the highest rate of biodiversity (marshlands, moorlands, temporarily flooded areas) were eliminated and 90-95% of our natural vegetation heritage were lost. Since the regime change, the size of built-up areas has been exponentially growing while the population has been falling causing a gradual decrease in land available for biologically active areas. Man-made land cover rose by nearly 14% between 2009 and 2015, which is the third highest rate in the EU. No land in Hungary has been left free of human influence and the rate of transforming, urbanising residential areas is growing.

Soil quality is constantly degrading and the presence of soil organisms and animals essential for food production has drastically dropped. While a number of the various forms of environmental pollution have been reduced (primarily environmental burdens directly affecting people such as sulphur dioxide emission, lead exposure or wastewater release affecting rivers and lakes), economic growth in recent years led to the rise of carbon dioxide emissions and the air pollution of residential areas and the state of the majority of our surface and underground water remains below the good level.

As the scope of this document does not allow a comprehensive presentation of the data on changes in the status of our natural capital, some of the typical trends have been highlighted above. However, the processes of nature are well-documented and facts and figures are available from many public sources. Reports from various international organisations offer an in-depth overview of the global situation: including IPBES and WWF on biodiversity, IPCC on the climate change, UNEP-IRP on social metabolism or OECD documents and indicators. Domestic data are available in KSH's publication, "The Indicators of Sustainable Development for Hungary", the government's periodic reports, "The State of the Environment in Hungary" and NFFT's biennial Monitoring Reports.

3) **The overexploitation of natural resources is not only harmful for the environment.** Declining natural trends threaten the achievement of nearly 80% of the UN's sustainable development goals (SDGs), especially the ones aiming to end poverty and famine but they also significantly compromise socio-economic goals related to health and residential areas.

Environmental degradation is recognised and acknowledged by the public as well. Social awareness about the environmental crisis is constantly rising. The public surveys conducted by the European Commission show that the decline and disappearance of domestic plant and animal species is assessed as a severe or very severe problem by 66% of Hungary's population (2015, Special Eurobarometer 436) while climate change is assessed as a severe or very severe problem by 96% of Hungary's total population (2017, Special Eurobarometer 459).

The phenomena of the natural environment crisis has adverse affects on business as well. As an example, various ecological, natural and environmental issues have been included as key threats in the *World Economic Forum's* Global Risk Report for years.

*The values of the Hungarian nation and their relation with the environmental crisis*

#### **4) The declining trends of environmental quality and the growing rate of the use of natural resources contradict the commitments made in our Fundamental Law.**

The National Avowal is unambiguous: *“We commit ourselves to promoting and safeguarding our heritage, (...) all man-made and natural assets of the Carpathian Basin. We bear responsibility for our descendants and therefore we shall protect the living conditions of future generations by making prudent use of our material, intellectual and natural resources.”*

Article P) states that *“Natural resources, in particular arable land, forests and the reserves of water; biodiversity, in particular native plant and animal species; and cultural artefacts, shall form the common heritage of the nation, it shall be the obligation of the State and everyone to protect and maintain them, and to preserve them for future generations.”*

To complete the above obligations, Article XXI focuses on the human aspect: *“Hungary shall recognise and endorse the right of everyone to a healthy environment.”* Article XX defines healthy environment as the prerequisite of the right of physical and mental health:

*“Hungary shall promote the effective application of this right through agriculture free of genetically modified organisms, by ensuring access to healthy food and drinking water, by organising safety at work and healthcare provision and by supporting sports and regular physical exercise as well as by ensuring the protection of the environment.”*

Article Q) defines Hungary's related international responsibility: *“(...) to achieve the sustainable development of humanity, Hungary shall strive for cooperation with all the peoples and countries of the world.*

Article 38 restricts the management of the property of the State and local governments as national assets by specifying the goal of its management and protection: *“The management and protection of national assets shall aim at serving the public interest, meeting common needs and preserving natural resources, as well as at taking into account the needs of future generations. The requirements for preserving and protecting national assets and for the responsible management of national assets shall be laid down in a cardinal Act.”*

The revision of our Constitution at Easter 2011 responds to the growing ecological crisis with almost unparalleled detail and commitment at a global level. However, very little has been done in the last eight

years to turn this into action. The members of the Council are convinced that **effective changes are needed to implement these sections of our Fundamental Law.**

- 5) The characteristics of a sustainable society, the criteria and benefits of the sustainable use of natural resources are described by the National Framework Strategy on Sustainable Development in detail.

**The unsustainable use of natural resources** does not only contradict our shared values set forth in the Fundamental Law but also **conflicts the long term interests of our national economy.**

In Hungary, the performance of each economic sector partly depends on natural factors with agriculture and ecosystem services being the most closely linked. Our food production is in part based on soil capacity, the availability of water of sufficient quantity and quality and the pollination activity of insects.

In relation with the protection of biodiversity, the national strategy adopted in 2015 stresses that this diversity offers ecosystem services vital for human existence by providing in part the ecological background for healthy food, clean freshwater and air, habitats and ingredients for medicine and consequently, the reduction of biodiversity and the further decline of ecosystem services must come to an end. The revised national environmental protection programme adopted in 2015 also emphasized the importance of the protection of our natural resources and the socio-economic significance of their sustainable use and calls for their efficient use and the application of the life cycle approach.

- 6) We believe that the sustainable use of natural resources is essentially required to achieve the government's short and medium term strategic objectives. **The government's three strategic objectives** announced at the beginning of the present political cycle – **high quality of life, innovation-based competitiveness and the protection of the Christian culture** – are also closely related to our environmental performance and the sustainable use of natural resources.

Hungary will not be able to be one of the top five countries in the European Union with the highest quality of life without good quality environment and ecosystem services of lasting high standards. On the one hand, the quality of human life directly depends on the quality of the environment and our mental health and perception of happiness is based on our relation with nature. On the other hand, the quality of the environment – including the typical setting of everyday life, the man-made environment and the harmonious combination of the natural and man-made environment – determines the physical and mental health of the people and the accessibility of many products and services.

Appropriate rules protecting and incentives promoting the sustainable use of natural resources contribute to the creation of an innovation-based competitive economy as well. If natural resources are more difficult to use in production and consumption, economic actors, businesses will replace them and the required changes stimulate innovation (development of new products, services and technology transformation). At present, Hungary is not only lagging behind in the innovation race among developed countries but is also a tail-ender in environmental innovations at international level.

Please note that the Framework Strategy reminded as early as in 2013 that one of the key factors of the success in the economic competition of countries is the performance in the sustainability race: who can make smarter and more efficient investments into their own future.

It is also obvious that the Christian culture cannot be safeguarded without the protection of creation. Christian communities have been reminding the world of the ecological crisis for years and of the fact that the crisis destroys the order of creation. The organization of the Hungarian Catholic bishops published a memorandum exactly 10 years ago stressing the importance of environmental protection, Pope Francis called for ecological conversion and the social teaching of other religions defining the Hungarian culture regularly include the general moral and religious requirement to prevent the destruction of nature. People are confused if the rights and obligations in laws and regulations or their practical experiences contradict these moral expectations.

**The Council assists the government in the achievement of these three strategic objectives and is convinced that one of the important tools helping create a Hungary offering an outstanding quality of life, safeguarding the Christian culture and having an innovation-based competitive economy is the fulfilment of the goals, respect for the values and the most complete implementation of the recommended tools presented in the National Framework Strategy on Sustainable Development.**

*The necessity of and criteria for environmental policy, sustainability shift*

7) Based on the above, the Council calls for urgent and thorough **environmental, sustainability shift** in economic policy.

After the socio-economic crisis of 2008-2009, the government introduced a number of changes in the economic policy, some of which also contributed to sustainability: labour market adjustments allow the more efficient use of the human capital, prudent budgetary policy helped lower public debt, family support initiatives contributed to some extent to a shift towards demographic stability and the introduction of electronic tolls for trucks



means a step forward toward the reform of the environmental public finance.

While these were essential changes, now there is even bigger need to transform the economic policy to prevent the depletion of our remaining natural heritage and to drive social growth into a sustainable direction.

It is undeniable that the economic growth of recent years had some very positive results improving the lives of thousands of families but it came at a significant and unacceptable cost for the environment. In the Hungarian economy, carbon dioxide emissions grew at a higher rate than the gross domestic product, the natural resource productivity is volatile being far from a lasting decoupling trend (when national revenues rise without the increase in material and energy use) and the sectors with the worst material use/added value indicators play a key role in economic growth. Some economic interest groups placed decision makers under significant pressure to slacken the rules on the use of natural resources and in some cases the Constitutional Court had to intervene to ensure compliance with the Fundamental Law.

The sustainability shift should ensure that the quality of life is improved and economic performance is increased while our natural heritage is preserved and passed down on future generations and ecosystem services are maintained in sufficient quantity and quality.

8) The environmental policy shift should be developed **in cooperation with the economic partners.**

The Council has witnessed on many occasions that industry and business representatives are increasingly aware to a constantly growing but still not sufficient degree of the economic risks posed by the environment becoming more and more unsustainable. There are already examples in the Hungarian economy – albeit in an isolated way – for products, services, production methods and enterprise management solutions fulfilling the principles of sustainability.

It shows that some of the Hungarian companies are committed to the transition to sustainability. Through their expertise and commitment, these organisations comprised of companies and entrepreneurs supporting sustainability and responsible business are a prominent and powerful part of the Hungarian business culture and the collaboration with them is key to a successful sustainability shift.

Another group of organisations that also play a central role work to safeguard the interests of sectors having significant environmental impact and their activities importantly focus on introducing and disseminating modern, environmentally friendly technologies.

- 9) **An essential requirement for the achievement of an environmental policy shift is the dialogue with the Hungarian people, presenting and explaining them why a shift is necessary, providing them with the relevant information and knowledge, acquiring the support of the society and reaching a broad public consensus based on the new approach.**

Meanwhile, it is vital that this new public consensus is not compromised by laws and regulations that allow the *ad hoc* predominance of short term individual interests over the long term ideas accepted and supported by the community.

In addition to the well-known channels of education, which have long been the effective tools to improve environmental awareness, we recommend that the recently introduced innovative social communication tools (government information campaigns, national consultations) be used to present the environmental crisis and to collect the opinion of the people helping achieve an attitude change. We also emphasize that government representatives and other public figures have an important impact on promoting environmental awareness through acting as role models and displaying authentic behaviour.

*The components of the environmental policy shift, the requisites of sustainable natural resource use*

- 10) The sustainability, environmental policy shift must promote the coordinated improvement of three essential areas:
- in the field of **land use**, soil sealing, land taken from biologically active areas must slow down and eventually stop as ecosystem services vital for humans and the economic activities of societies may only develop in natural areas; while some presently anthropogenically used land could be returned to nature (the rehabilitation of aquatic habitats would be especially important); the intense protection and preservation of the natural values of existing habitats is also strongly required;
  - social metabolism should comply with the principles of the **circular economy**, it should be ensured that the material demand of production and consumption is within the ecological limits of the Earth requiring the reduction of per capita material consumption in all the developed countries including Hungary;
  - **greenhouse gas emissions** should be reduced to ensure that the average temperature change of the Earth does not exceed 2 degrees Celsius (and be as close to 1.5 degrees Celsius as possible); and in the meantime, Hungary's ability to adapt to the unavoidable impacts of climate change should be increased.

As the Council agrees with the opinion of scientists presented to the international public that the time we have left to prevent the ultimate and complete destruction of the natural environment is maximum two decades, **system-wide changes should be implemented during this time and should be effectively started now.**

- 11) **The starting point for the sustainability shift is the transformation of the system of economic incentives** through the introduction of environmental taxes, charges; the adjustment of existing charges to be socially efficient; pricing the use of natural capital; the removal of environmentally harmful subsidies; introduction and maintenance of subsidies promoting use facilitating the preservation of natural assets; the promotion and monitoring of sustainability in sectoral and horizontal policies, calls for applications and public purchasing.

The pricing of the use of natural capital should be revenue neutral as the goal is not to raise the general level of taxes. Revenues collected from environmental taxes and charges should be compensated by lowering other taxes by the same amount, especially by further reducing taxes on creative human work.

While there are numerous support schemes and initiatives designed to improve environmental performance and a large number of laws defining specific limitations on the use of natural resources, the basic incentives affecting the economy continue to be based on the presumption that natural capital is unlimited despite our decade-long experiences and a growing set of evidence showing the opposite that **natural resources are scarce**.

By adopting the Framework Strategy in 2013, the Parliament made a commitment to these reforms (covered in task T3.10), preparations or the consideration of the possibilities have not even begun in the last six years. The Council urges that consultations and preliminary impact assessments begin on an ecological tax reform; the correct pricing of the use of community owned natural resources; the removal of environmentally harmful subsidies; and support schemes promoting use facilitating the preservation of natural assets.

The OECD's 2018 environmental performance review for Hungary also includes these items in its recommendations.

An economic tax and incentive system sending the correct signals helps a shift within the Hungarian economy from industries with high natural resource demand (but often generating low added value) toward sectors having a lower impact on the environment. The public bidding and purchasing system should also be adjusted to be in harmony with the revised tax and incentive system. As both the economy and the society should receive the same signals, sustainability should be equally essentially promoted in application schemes of all levels and scales. An increasing rate of the developments should focus on the conservation and rehabilitation of nature instead of its alteration.

Where solutions designed to protect our natural resources based on the agreements of the affected parties, the allocation of the right to use natural resources or using economic incentives are not efficient, the various forms of direct regulations (product regulations, environmental performance regulations, emissions thresholds) should continue to be used.

- 12) Another way to promote the shift is to **require the publication of the size of and changes in the national natural capital** every year just as it is required for the annual gross domestic product (GDP). Accordingly, a methodology should be devised to quantify the contribution of ecosystem services to the GDP or the part of the quality of life not expressed by the GDP.

As an example, greenfield investments are presently considered as drivers of GDP growth, however arable land practically ultimately removed from cultivation or the loss of the natural environment previously having ecological functions reduces the size of natural capital and the capacity of ecosystem services. As part of the above proposal, the lost amount of natural capital or the decrease of ecosystem services should be quantified, estimated for each greenfield investment in the future in financial terms also including the potential irreplaceability of natural resources.

- 13) As part of the sustainability, environmental policy shift, **the strategies and impacts of industries most intensely using natural capital should be reviewed** in combination with the **utilisation of sustainability incentive opportunities** within these sectors. The required research infrastructure should also be developed.

- a) A key issue is the **integration of sustainability in agricultural subsidy schemes**. We agree that subsidies are necessary to promote the viability of rural areas and maintain the profitability of agriculture. The farming community also fairly demands that the total sum of agricultural subsidies provided by the EU should not be lowered. However, the sustainability shift requires that the contribution to preserving the natural capital (soil fertility, ecological carrying capacity, water retention ability etc.) is rewarded to a much larger extent in the allocation, payment of the total sum of subsidies.

Occupying 57% of the total area of Hungary, the farming industry is truly the unrivalled biggest land user and as such is undeniably obliged to comply with the requirements of the Fundamental Law related to nature and the environment. Large-scale, excessively chemicalised and monoculture production practices should be replaced by higher agrobiodiversity, more varied spatial structure and the reconstruction of ecological corridors. Meanwhile, the sustainability shift should stimulate solutions to water scarcity problems increasingly impeding agricultural production through the transformation of land use; the introduction of modern, water efficient technologies and technologies raising the water retention ability of land; the breeding, dissemination of plant species that need less water or tolerate droughts, fluctuating water supply and extreme weather conditions better; and growing plant species mutually supporting one another in communities. This crucially requires that the special characteristics of the land – potential soil fertility, environmental conditions, soil conditions and their interrelations – are understood, acknowledged and adapted to, including avoiding using excessive amounts of water in areas with limited access to water,

adjusting the amount and method of water use for farming to the rate of water recharge. In order to improve the protection and preservation of Hungary's natural resources, the processes used in agriculture and the food industry should comply with the principles and the practices of bioeconomy, which promotes the material recovery of biomass, soil nutrient management and the ability of soil to renew over the use of energy production.

- b) Another key intervention area is **the construction industry, which has the highest rate of material use and as such should be encouraged to design and introduce new, material efficient and environmentally friendly technologies**. As our reliance on the ecosystem services of the remaining biologically active areas will increasingly rise, proper incentive tools will need to be introduced to reduce greenfield investments and to increase brownfield developments. The government and the local governments that commission a large number of constructions assume a special responsibility to ensure that biologically active areas are only built on in case of investments of outstanding social importance and that these projects are completed applying a common approach and complying with the general rules promoting sustainability and reflecting responsible management of the land as a scarce resource. Construction related mining activities should be reduced by using construction and demolition waste to the highest extent possible.
  - c) While nearly all the industries responsible for climate change have reduced their greenhouse gas emissions since 1990, the rate of emissions from transport has radically increased. By the construction of line-shaped infrastructure, transport also contributes to the increase of land use and the fragmentation of ecosystems while the materials needed for road construction raise the use of natural resources for building purposes. In addition to offering incentives to improve transport technologies, the prioritisation of environmentally sound methods of the mobility-transportation supply may also need to be supported by incentives. The lack of the requirement to partially or fully assume the environmental costs of travelling and goods transportation (including carbon costs) results in suboptimal economic outcomes and overconsumption both in passenger travel and the transportation of goods.
- 14) The principles of the **circular economy** should be more efficiently promoted. In Hungary, the circular economy is being introduced (to some extent) only in the field of waste management and mostly in material recovery while the area where real value could be added and effective results could be achieved is product design and product use.

We recommend that a national circular economy strategy and the associated action plan be drawn up defining the goals of the national economy for the next 10 to 15 years that specify the objectives and the tools in harmony with EU laws and regulations and policies while also taking into account Hungary's special national characteristics and economic development

priorities. It is important that this strategy and action plan do not exclusively focus on the reduction of waste but also on the unit-based and **absolute decrease of the use of natural resources** (raw materials, soil, water).

- 15) It would be essential to implement **efficient horizontal coordination and integration** as the policies related to the use of natural resources are at present often contradict each other.

While our biologically active areas are shrinking, within energy policy, biomass has been given a dominant part in the – otherwise necessary – increase of the rate of renewable energy sources.

Any investment could often have controversial environmental consequences. In the field of transport, the use of electric vehicles helps mitigate the impacts of climate change, improve air quality (e.g. the reduction of the emissions of nitrogen oxides and PM<sub>10</sub>) and reduce noise and therefore the Council supports the government's Jedlik Ányos Plan to develop electro-mobility. Meanwhile, the shift in transport should not be restricted only to the promotion of electro-mobility as it will not change the size of space vehicles use and will pose new challenges for the implementation of the circular economy (electric cars depend on more rare metals than combustion engines).

- 16) We urge the introduction of **sustainability impact assessments** prior to regulatory and development decisions and in general, more thorough considerations before any decision to ensure that the impacts on the natural environment may be understood and predicted before new regulations are adopted or investments and projects are launched and that this information is taken into account and properly considered when selecting one of the alternatives.

NFFT has already prepared a proposal for the methodology of sustainability impact assessments, which could be the basis of a debate on an institution to be introduced in the future.

- 17) A significant change in the contribution to innovation and more efficient use of natural resources could be caused by informatisation, the **application of information systems** including digitalisation. We recommend that the research and development of information technology solutions promoting the economical and efficient use of natural resources be prioritised in basic and applied research as well as in research and development.

- 18) **Local governments** and local public utility companies play a key role in the implementation of the sustainability shift. The efficient implementation of measures related to land use, community management and public awareness raising requires the improvement of good governance at local level. We recommend that the associations of local governments and advocacy organisations be given a key role in the preparation of decisions on the circular economy, climate change and natural

resource management and the coordination of their implementation.

The commitment of national and local public service providers having a large number of consumers and employees to the sustainability shift and innovation could significantly improve the attitudes of people on its own while their sustainable operation could strongly contribute to the preservation of biodiversity and the promotion of the low-carbon and circular economy model.

19) The Council urges the **modernisation and improvement of the institutional system responsible for the protection of the environment and nature**. A modern state indispensably requires efficient and comprehensive public regulatory and control organisations having a high level of professional competence and advanced technical infrastructure. International experience shows that weakness of organisations responsible for the enforcement of laws and regulations and security is a typical characteristic of underdeveloped countries. In contrast, the most competitive countries in the world have the strictest regulations in place for security – including requirements for environmental protection and health – and the control criteria are defined to ensure that the requirements are complied with. This also significantly helps strengthen justice.

The Council recommends that the institutional system of **nature conservation** – including in particular **national park** directorates – and natural conservation measures promoting the protection of protected natural assets – in particular plant and animal species and their habitats – be strengthened. The nature conservation goals may only be achieved in a sustainable manner if nature conservation considerations are definitely prioritised over other management considerations in protected natural areas, Natura 2000 sites and the locations of protected natural assets.

We also recommend that state-owned areas held in public possession for nature conservation purposes be retained in public property.

**Natural capital may only be protected if its protection is ensured in areas not protected by nature conservation laws and regulations as well.** The current size of protected natural areas is not sufficient to provide for the ecosystem services essentially required for good human existence and long term economic success. The ecological approach, the sustainable, long term use of the natural capital respecting the ecological limits should be applied on the total area of Hungary. The institutions should be transformed in a way to ensure that they are able to apply this approach in their daily practice and represent it as a standard requirement in professional and legal criteria affecting the use of the natural capital.

Similarly to the practice followed by national park directorates supporting farmers using their land to achieve nature conservation goals, the government should introduce a service provider behaviour and activities in areas not protected by nature conservation laws to provide farmers and businesses with environmental information and technical advice.

- 20) The Fundamental Law requires the government and local governments as the owners of the natural capital to consider the ecological limits, the needs of present and future generations and their fulfilment in their decisions made as owners. As an important example, we should not forget that a major part of our forests are publicly owned. The Council recommends that the organisations responsible for the **asset management** and use of the **natural capital** define a clear, transparent and predictable set of criteria promoting the protection of the state and services of the natural capital and control the compliance with such criteria by the government/local governments as owners.
- 21) The environmental shift will not be possible without active **social engagement**. The knowledge acquired by civil organisations involved in sustainability, environmental protection, nature conservation and climate protection should be used in the preparation of decisions and their extended networks with the people also strongly contributes to the sustainability shift.
- 22) The sustainability shift requires both the people and decision makers to learn **new information and** acquire new **knowledge** and this is especially important to eliminate pseudo-scientific views and information. The representatives of the scientific community and the **institutions of primary, secondary and tertiary education** should be part of the knowledge exchange system related to sustainability. In education, the complexity of sustainability and the role of ecological limits should be stressed.
- 23) The effectiveness of these recommendations is significantly affected by the **international progress made in** the field of environmental protection and **sustainable development**.

The Council recommends that Hungary continue to be an active participant of the international cooperation forums of sustainable development and the systems of international environmental protection and nature conservation agreements proposing and supporting the necessary changes. We should promote the sustainability shift by encouraging the relevant international organisations to adjust the incentives and regulations of the world's economic policy.

The Hungarian communities in foreign countries and the public and civil sector of neighbouring countries are key partners in the protection of natural resources within the eco-region of the Carpathian Basin, especially in the governance of natural resources located in the border area.

The **international bilateral development relations** may be based on the traditions of international development cooperation and the components of the recently established Hungary Helps programme promoting sustainability. We recommend that these be further developed, expanded, as allowed.

The **European Union faces especially great challenges**. In the last two



EU political cycles, the horizontal political power of sustainable development weakened and sustainability considerations faded. This year's new political cycle should reinforce the promotion of sustainable development in all areas of common European policy, in particular in the allocation EU funds and the reduction of environmentally harmful subsidies, grants. We would like to repeatedly stress the importance of the transformation of the grants of the common agricultural policy in supporting a shift towards a sustainable agriculture. The EU countries should continue to work together to widely disseminate the tools stimulating a shift towards sustainable economies at EU level, in a coordinated manner.

The Council launches a broad public debate and dialogue on the above allowing us to form the existence of the future generations of our nation based on all the relevant values, knowledge and practical experience.

Budapest, 30. May 2019