Circular economy country profile 2024 – Hungary

European Environment Agency
European Topic Centre
Circular economy and resource use

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European Topic Centre on
Circular economy and resource use
https://www.eionet.europa.eu/etcs/etc-ce

Contents

Introduction

The European Commission requested the EEA to produce EU country profiles that offer an updated view of the following elements:

- what circular economy policies are being implemented at a national level with a particular focus on elements that go beyond EU mandatory elements, and
- what are best practices with a focus on policy innovation.

With the EU Circular Economy Action Plan (CEAP 2020) "the Commission [..] encourages Member States to adopt or update their national circular economy strategies, plans and measures in the light of its ambition".

These country profiles originate in the work leading to the EEA More from less report (2016)[1], that presented an overview of approaches to material resource efficiency and to circular economy in thirty-two European countries. The More from Less report was followed by the 2019 EEA Report 'Resource efficiency and the circular economy in Europe 2019 – even more from less: An overview of the policies, approaches and targets of 32 European countries'[2].
It presented an updated and extended assessment of approaches and identified trends, similarities and new directions taken by countries in the connected policy areas of resource efficiency and the circular economy.
These reports, comprising a compilation of extensive survey responses from countries, were accompanied by 32 country profiles.

In the second quarter of 2022 a new survey with questions and guidelines was launched. Based on information reported by the Eionet network, in particular, the Eionet Group on Circular Economy and Resource Use, and after review and editing by the European Topic Centre on Circular economy and resource use (ETC CE), the 30 2022 CE country profiles[3] were published alongside the EEA report 'Circular Economy policy innovation and good practice in Member States'[4] (2022).

These 2024 CE country profiles are an update of the 2022 ones and based on the responses of 29 countries to the survey questions and guidelines that were launched in March 2024. The information in the countries' responses was again reviewed and edited by the European Topic Centre on Circular economy and resource use. A selection of Eurostat data was made to further complement these country profiles.

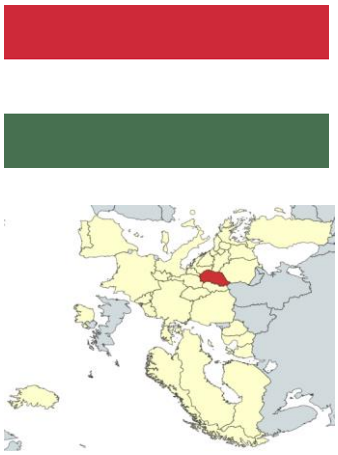
The main objectives of these assessments and its updates are to: • stimulate exchange of information and share good practice examples among country experts; • support policymakers in Eionet countries, the European institutions and international organisations by providing an updated catalogue of circular economy actions being undertaken in European countries.

This circular economy country profile is based on information reported by the Eionet network and, in particular, the Eionet Group members on Resource Efficiency and Circular Economy in the second quarter of 2024. Proposals for the further development or amendment of policies represent the view of the reporting country. For Hungary, all input was provided by the Ministry of Energy of Hungary. The information was reviewed and edited by the European Topic Centre on Circular economy and resource use. A selection of Eurostat data was made to further complement this country profile.

[1] More from less — material resource efficiency in Europe — European Environment Agency (europa.eu)
[2] Resource efficiency and the circular economy in Europe 2019 — European Environment Agency (europa.eu)
[3] Country profiles on Circular Economy in Europe — Eionet Portal (europa.eu)
[4] draft-report-for-dg-env_final.pdf (europa.eu)

The information is current as of September 2024, when members of Eionet verified the content of this profile.

Hungary – facts and figures



GDP: EUR 196.4 billion (1.2 % of EU27 total in 2023)

GDP per person: EUR 20,480 (purchasing power standard) (76.1 % of EU27 (from 2020) total per person)

Use of materials (domestic material consumption (DMC))
130.1 million tonnes DMC (2.1 % of EU27 total in 2022)
13.5 tonnes DMC/person (94.8 % of EU27 average per person in 2022)

Structure of the economy (2023):
Agriculture: 5.4 %
Industry: 28.1 %
Services: 66.5 %

Employment in circular sectors:
109,215 people employed in CE sectors (2.5 % of EU total in 2021)
People employed expressed as a percentage of total employment: 2.3 % (compared to 2.1 % for EU average in 2021)

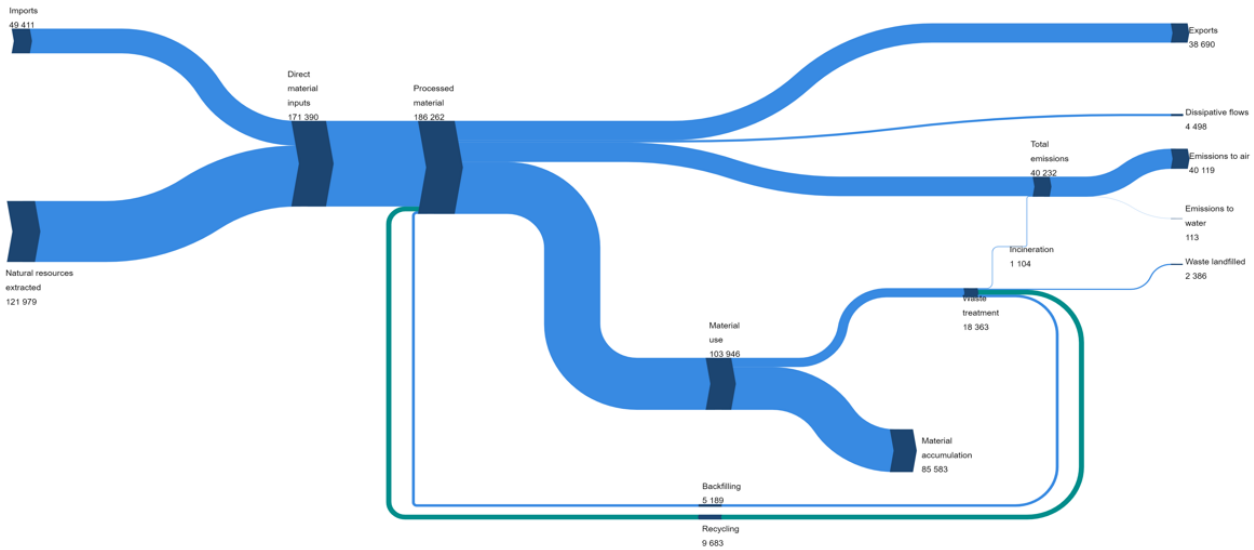
Surface area: 93,011 square kilometres (2.2 % of EU27 total)

Population: 9,599,744 (2.1 % of EU27 total in 2023)

Note: all definitions and metadata used in this profile are taken, as shown, from Eurostat

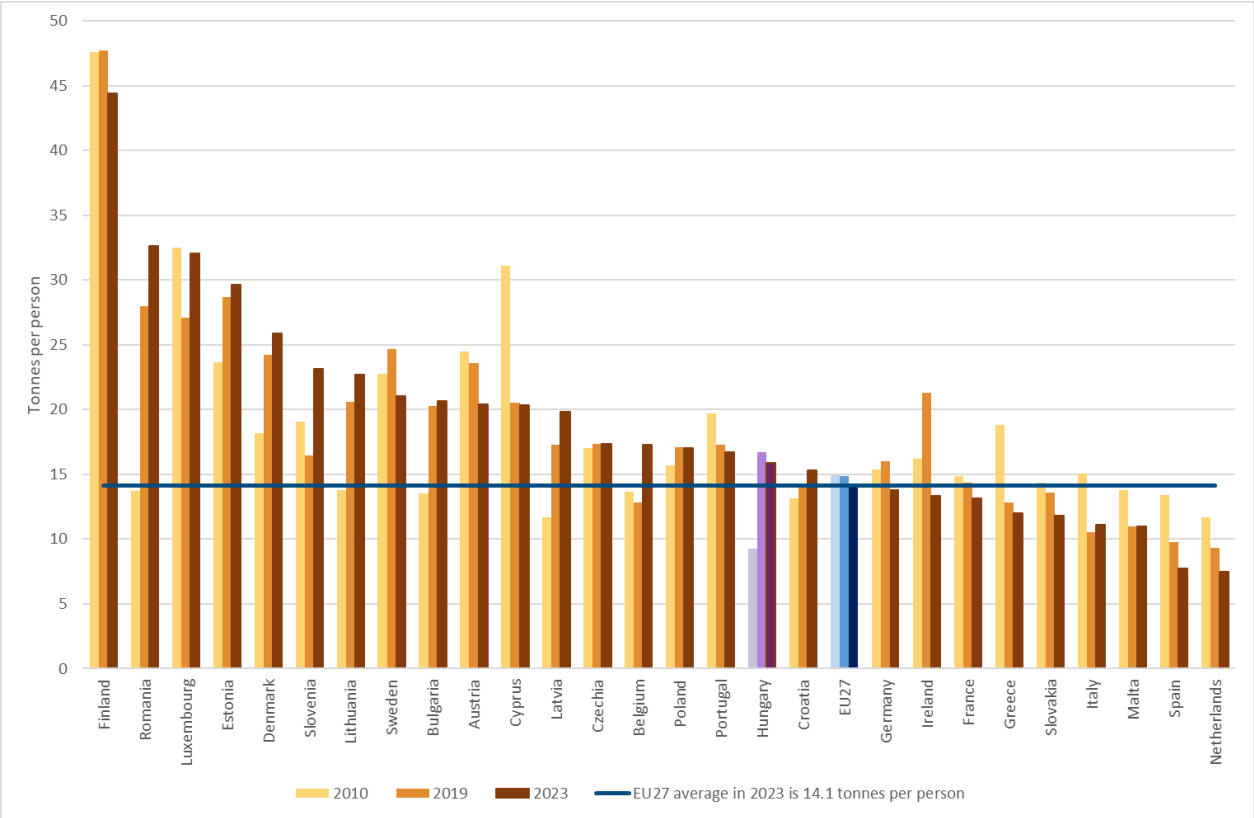
Source: Eurostat datasets, EU27 2021 EU27 2022 and EU27 2023 (accessed 21 August 2024)

Figure 1 Material flow diagram for Hungary in 2022, thousand tonnes



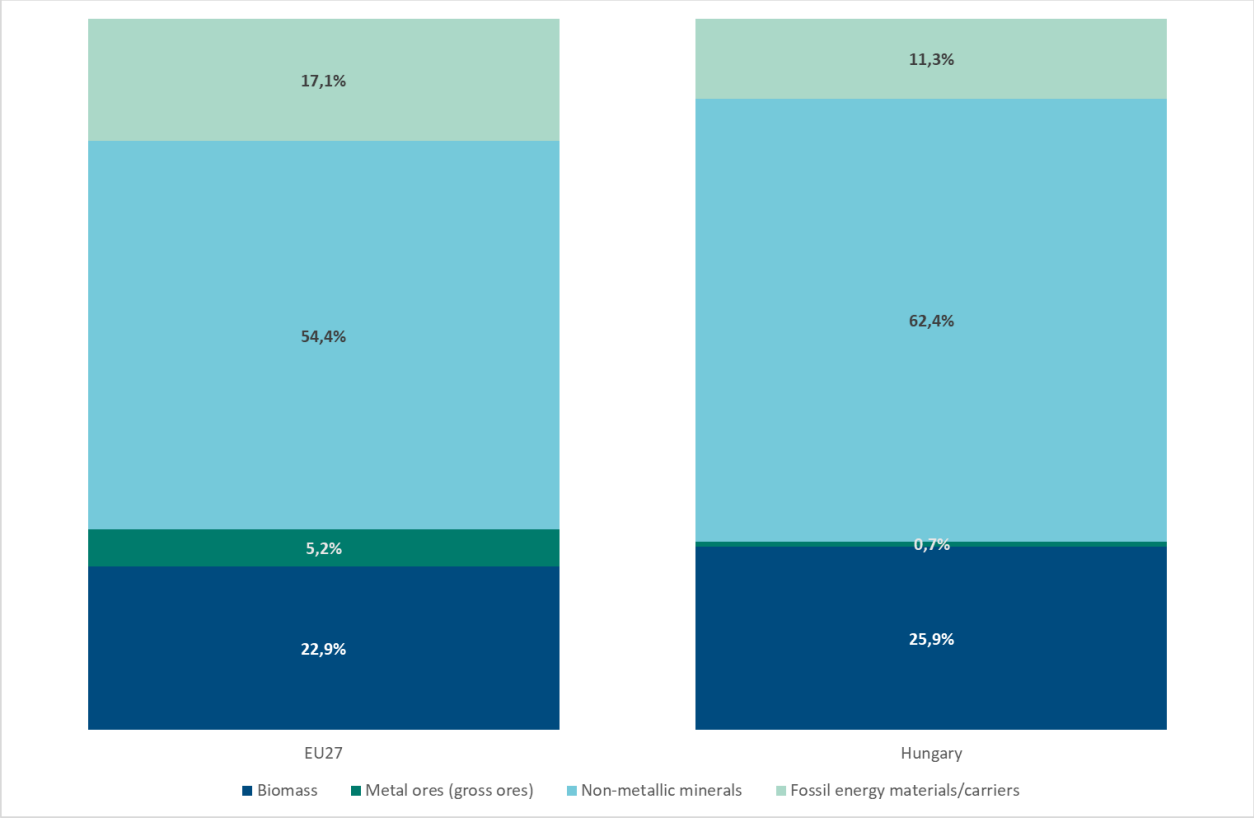
Source: Eurostat (2024) [env_ac_mfa], [en_ac_sd], [env_wassd] (accessed 21 August 2024)

Figure 2 Material footprint (raw material consumption), 2010,2019 and 2023, tonnes per person



Source: Eurostat (2024) [env_ac_rme] (accessed 21 August 2024)

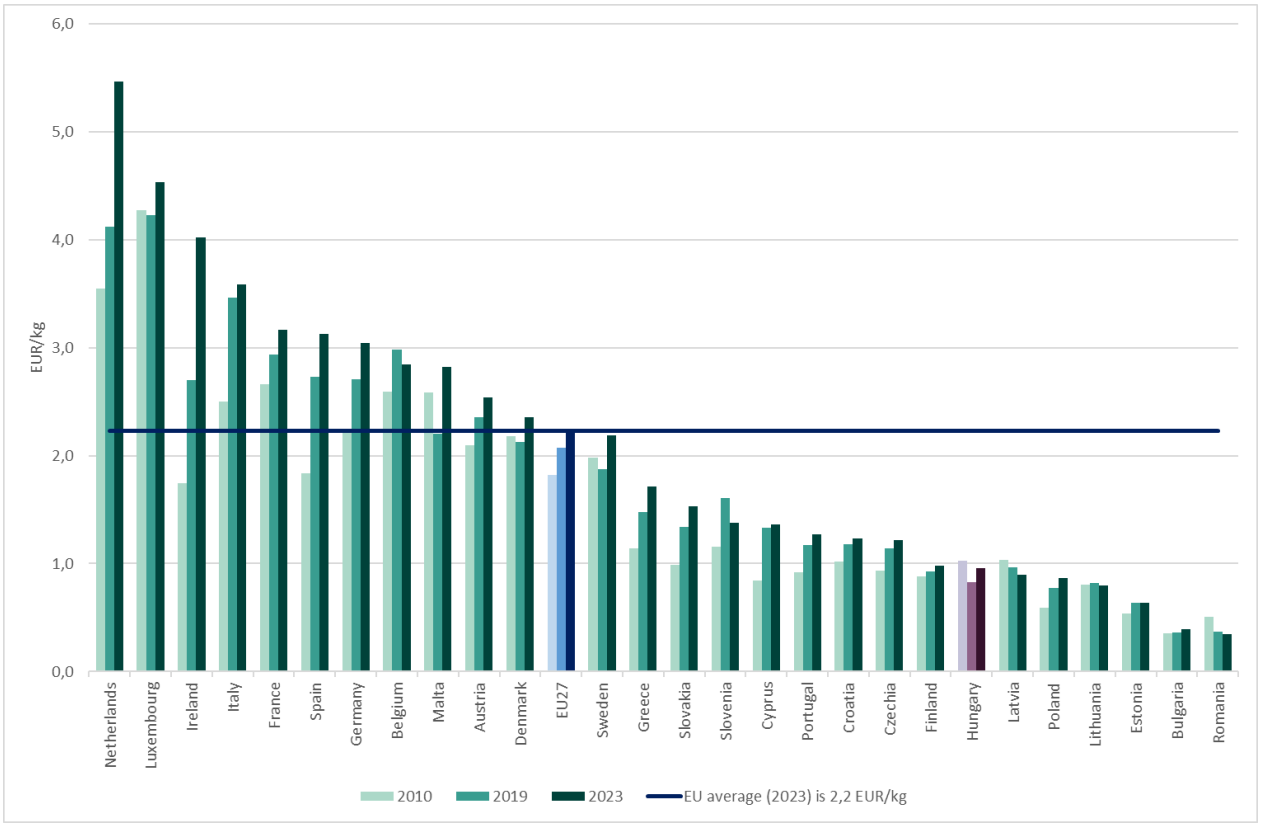
Figure 3 Domestic material consumption by selected material category, EU and Hungary, 2023, per cent



Note: totals may not sum to 100 % due to rounding

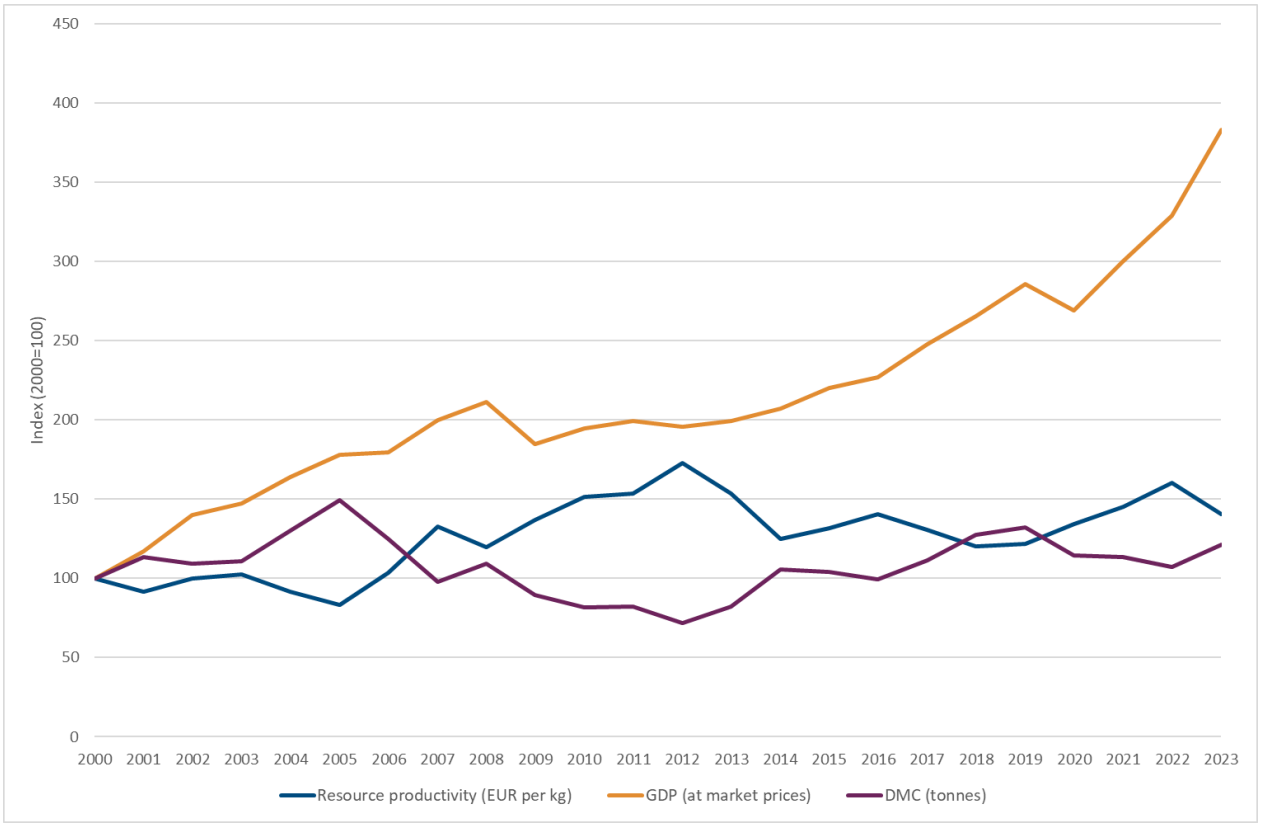
Source: Eurostat (2024) [env_ac_mfa] (accessed 21 August 2024)

Figure 4 Resource productivity (gross domestic product/domestic material consumption), EU27, 2010, 2019 and 2023, EUR per kilogramme



Source: Eurostat (2024) [env_ac_rp] (accessed 21 August 2024)

Figure 5 Gross domestic product, domestic material consumption and resource productivity trends, Hungary, 2000–2023, index (2000=100)

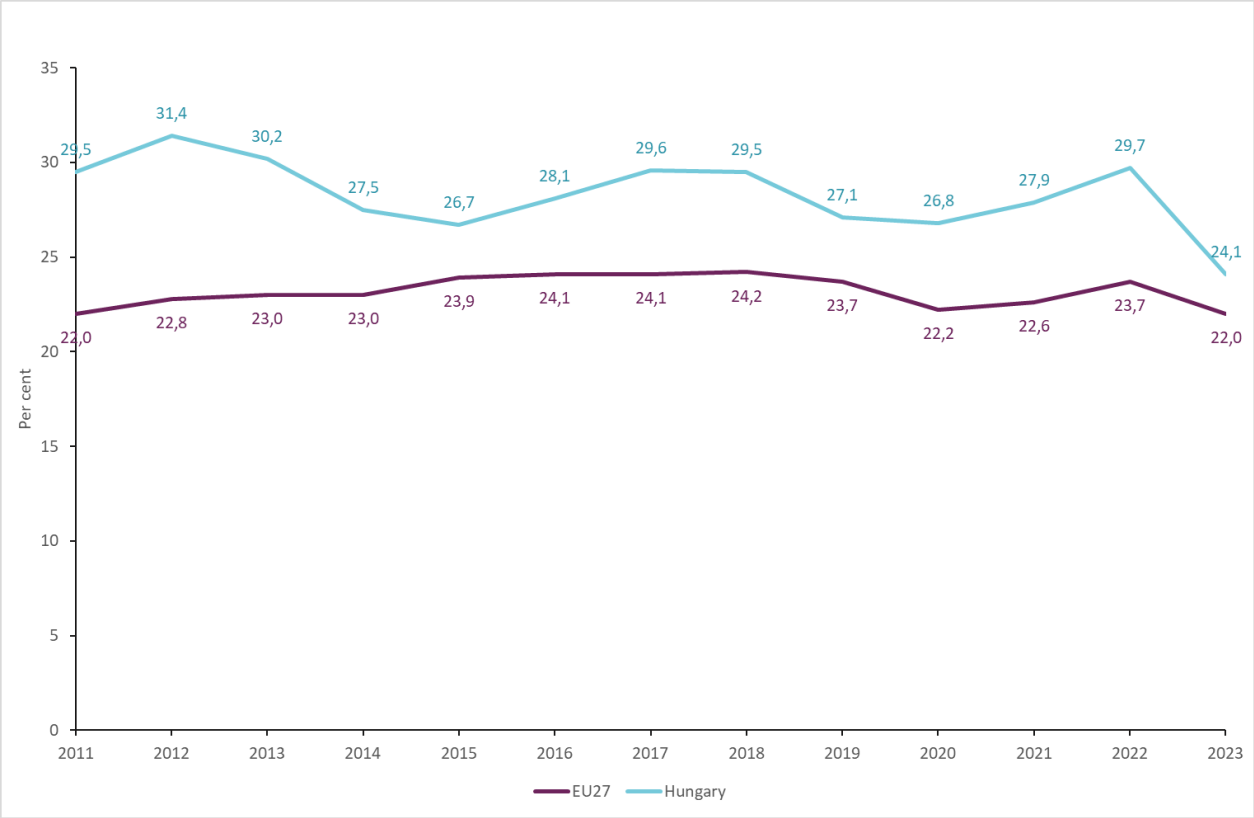


Source: Eurostat (2024) [env_ac_mfa], [env_ac_rp] & [nama_10_gdp] (accessed 21 August 2024)

Figure 6 Circular material use rate in Hungary, 2011–2022, per cent

Source: Eurostat (2024) [env_ac_cur] (accessed 21 August 2024)

Figure 7 Material import dependency in Hungary, 2011-2023, per cent



Source: Eurostat (2024) [cei_gsr030] (accessed 21 August 2024)

Existing policy framework

Dedicated national and/or regional and/or local strategy, roadmap or action plan for circular economy

The Organisation for Economic Co-operation and Development (OECD) report titled '**Towards a National Circular Economy Strategy for Hungary**' ([5]) (hereinafter: OECD Report), published in May 2023, promotes the transition to a circular economy in Hungary. The document makes policy recommendations and suggests that Hungary could benefit from measures in the biomass and food, construction and plastics sectors.

Plastics are of strategic importance for Hungary and represent a significant potential for circularity. They are a key raw material in several sectors of the national economy, such as transport, computer, electrical and electronics, food, beverages, tobacco and pharmaceuticals. Plastics currently account for a quarter of all packaging materials used in the country, but only about a third of plastic waste is recycled. To address the issue caused by single-use plastic products Hungary has implemented the SUP Directive[6] by the 3 July 2021 deadline. The amending provisions providing the legal framework of the restriction have been adopted with Act XCI of 2020 on the restriction of the placing on the market of certain single-use plastics. The detailed rules are in the Government Decree 301/2021. (VI. 1.) on the restriction of the placing on the market of certain single-use plastics. In order to transpose further provisions of the SUP Directive, Government Decree No. 349/2021 (VI. 22.) on the reduction of the impact of certain plastic products on the environment entered into force on 3 July 2021, which contains inter alia consumption reduction measures, an obligation to use awareness-raising measures and provisions on separate collection.

In order to reduce the consumption of plastic carrier bags, the placing on the market of lightweight plastic carrier bags with a wall thickness of between 15 and 50 microns (expect those made of biodegradable plastic) prohibited from 1 July 2021 and the environmental product fee (defined in Act LXXXV of 2011 on the environmental product fee) also increased significantly for plastic carrier bags that have not been banned from 1 July 2021:

- from HUF 57/kg to HUF 1 900/kg for plastic carrier bags with a wall thickness of less than 15 microns, and
- from HUF 500/kg for biodegradable plastic carrier bags compared to the current exemption from the product fee,
- for plastic carrier bags with a wall thickness of more than 50 microns the the environmental product fee unchanged at 1900 Ft/kg.

The construction sector still holds significant untapped potential for Hungary's transition to a circular economy. More than half of the raw materials used in the national economy are used in the built environment. The construction sector is also responsible for about one third of Hungary's waste production. The current regulatory framework for construction focuses on the end-of-life phase of materials and products but lacks measures for the earlier stages of the value chain. Therefore, in order to fully exploit the potential of the construction sector, it is necessary to strengthen current measures for construction, renovation and waste management in the short term, and to focus on introducing new rules for the production of construction materials and the design of buildings and cities in the longer term. To address this, two strategies are under preparation:

1. **National Construction Economy Strategy** is under preparation by the Ministry of Construction and Transport

[5] https://www.oecd-ilibrary.org/environment/towards-a-national-circular-economy-strategy-for-hungary_1178c379-en

[6] Directive (EU) 2019/904 of the European Parliament and of the Council of 5 June 2019 on the reduction of the impact of certain plastic products on the environment

The two CE related topic in this Strategy are:

1) Keep construction materials in the loop: construction and demolition waste
2) Innovation, e.g. development of labs.
   - Recently published legislation: **149/2024 (VI.28.) Government decree** ([7]) on the detailed rules for activities related to the prevention of waste generation in connection with state investments on national or local public roads, as well as construction activities carried out on the national railway track network and the regional, suburban railway track network.

This government decree introduces the concept and definition of the primary and secondary raw material:

1. primary construction raw material: construction material derived from manufacturing (construction product), extraction (natural building material) or a mixture of these;
2. secondary construction raw material: construction and demolition material, construction material derived from construction and demolition waste and recovered or extracted as an industrial by-product and recovered, which replaces the primary construction raw material.

2. **Hungary's National Circular Economy Strategy** is also under preparation by the Ministry of Energy (see Future policy plans).

[7] https://njt.hu/jogszabaly/2024-149-20-22 (in Hungarian)

Circular economy policy elements included in other policies

Circular economy policy element	Included in policy
Waste management	– Regulations (in Hungarian) – National Waste Management Plan (2021-2027) – Investment Gap Analysis for National Waste Management Plan (Gap Analysis) – New extended producer responsibility system (EPR), Legislation: Government Decree 80/2023. (III. 14.) (in Hungarian) – Deposit refund scheme for beverage packaging (DRS), Legislation: Government Decree 450/2023. (X. 4.) (in Hungarian) – Separate collection of biodegradable waste from households, Legislation: Government Decree 559/2023. (XII. 14.) (in Hungarian) – EEEOP Plus (in Hungarian)
The promotion of home and community composting (in connection with food waste prevention/reduction)	NÉBIH (National Food Chain Safety Office) - Wasteless programme
The setting up of standards for the construction industry	Legislation: 149/2024 (VI.28.) (in Hungarian)
	National Construction Economy Strategy (under preparation)
	Hungary's National Circular Economy Strategy and Action Plan (under preparation)
Support the establishment of reuse and repair centres	Repair Café Budapest (in Hungarian)
	EEEOP Plus RSO2.6. (under preparation)
Support of CE water management	EEEOP Plus RSO2.6. (under preparation)
CE business models	EEEOP Plus RSO2.6. (under preparation)
General CE related activities	EEEOP Plus RSO2.6. (under preparation)
	Cohesion 4 Transition
	ESG regulation (in Hungarian)

Waste management:

The National Waste Management Plan (hereinafter: NWMP) is the strategic document for the Hungarian waste management during the 2021-2027 period. In order to have an up-to-date waste management strategy, the process of the review of the NWMP is ongoing. Until it is finished, NWMP has been amended with the Investment Gap Analysis (GAP Analysis). It presents, inter alia, the quantitative data needed to meet the EU targets, identifies the capacity gaps and development needs to meet the targets set by the EU Directives, and is used as a basis for the funding allocation planning. NWMP also includes the Waste Prevention Program, which sets the directions of action listed here:

- recycling in the form of materials or compost and biogas instead of landfilling biodegradable waste.
- the production of compost and biogas meeting quality criteria.
- the rapid establishment of a quality assurance system for compost.
- encouraging compost from bio-waste treatment to be used primarily on land rather than to cover landfills.
- promoting home and community composting.
- the tasks of the concession company in the context of the concession system for the collection of biodegradable waste.

- the concessionaire shall provide primarily door-to-door collection and shall set up waste collection points of a size appropriate to the population where door-to-door collection is not provided.
- the establishment of additional composting plants and biogas plants.

The **Government Decree 559/2023 (XII. 14.)** ([8]) provides more detailed regulations regarding the prevention of biodegradable waste generation, bio-waste management, and compost classification, imposing obligations on the concession company's activities and stakeholders involved.

The concession company provides the opportunity for separate collection of organic waste as part of its public service activities, offering dedicated waste containers for this purpose to waste holders. Their responsibility includes receiving, collecting, and transporting organic waste.

Starting from January 2024, in 14 designated cities (Budapest, Miskolc, Szolnok, Debrecen, Békéscsaba, Békés, Gyula, Kecskemét, Cegléd, Nagykanizsa, Zalaegerszeg, Kaposvár, Tatabánya, Székesfehérvár), distribution of waste containers necessary for collecting kitchen green waste and food waste has begun in residential zones. In Budapest, they plan two collections per week, while in rural areas they are assessing if one collection per week will suffice.

From March, separate collection of kitchen green waste and food waste has commenced in all 14 municipalities. It's important to note that residents can participate in separate collection free of charge; there is no additional fee for collecting organic waste.

As part of the program, each household receives a 5-liter kitchen waste bin, which is not only easy to handle but also odour and leak-proof. Additionally, property managers in residential buildings receive 120-liter bins into which the contents of the 5-liter bins are emptied. Household kitchen green waste (raw vegetable and fruit scraps, coffee grounds, tea leaves, spices, herbs, eggshells) and kitchen food waste (leftovers, processed food, raw meat without bones) can be collected.

The collected kitchen green and food waste is reused in biogas plants, contributing to the development of a circular economy by generating electricity and heat as renewable energy sources. Moreover, the residue from biogas plants, due to its high nutrient content, serves as compost material for agriculture. These plants are typically located near the selected municipalities to minimize transportation distances for organic waste.

Extended producer responsibility system (EPR)

In the field of waste management Hungary introduced the new extended producer responsibility system (according to the new detailed rules of the Government Decree 80/2023 (III.14.) ([9]) in line with the minimum requirements of the EU Waste Framework Directive) from 1 July 2023. The scope of the EPR system covers packaging, electrical and electronic equipment, certain single-use plastic products, batteries, vehicles, tyres, office paper, advertising paper, cooking oil and grease, textile products, wooden furniture. Among the waste management activities necessary to meet the specified collection and recycling EU targets concerning the waste originating from products covered by the EPR system, the concessionaire shall be responsible for

- the take back, collection, transport, pre-treatment and transfer to treatment of the waste generated from the products covered by the EPR system,
- the related communication, financial coordination and accounting,
- as well as the operation of the reporting system.

However, the concession company may involve a concession subcontractor in its activities.

[8] https://njt.hu/jogszabaly/2023-559-20-22 (in Hungarian)
[9] https://njt.hu/jogszabaly/2023-80-20-22 (in Hungarian)

In the cases specified in the EPR legislation, the producer may also choose to fulfil its extended producer responsibility obligations individually (in the case of electrical and electronic equipment, vehicles, industrial or automotive batteries). In this case, the producer is directly involved in the collection and management of the waste from the products as a concession subcontractor, in accordance with the terms of its contract with the concession company.

Deposit Refund Scheme (DRS)

Also, in the field of waste management, the nationwide mandatory deposit refund scheme for plastic and glass beverage bottles and metal beverage cans started from 1 January 2024 (however, a six-month transition period has been granted, allowing producers to place such packaging on the market until 1 July 2024 under the rules in force before 1 January 2024). The detailed regulation of the Hungarian DRS is set by the Government Decree nr. 450/2023 (X.4.).([10])

The products covered by the DRS are defined by the government decree as following: metal, plastic and glass beverage containers of 0.1 to 3 litres (except for dairy beverage products and containers from manufacturers who market less than 5,000 units per year). From 1 April 2023, manufacturers of the above-mentioned beverage containers (DRS manufacturers) will have to register as packaging EPR manufacturers - for both single- and multi-package beverage containers - on the MOHU Partner Portal.

Based on international experience, the introduction of a return system can bring the return rate of beverage containers covered by the scheme up to 70% in the first year and to over 90% within a few years of its launch. Currently, in Hungary, around 30-40% of this packaging is collected separately, so the operation of a mandatory return fee scheme could make a significant contribution to meeting EU packaging waste targets. Currently, 6 million bottles and cans are returned every day in Hungary, and more than 100 million bottles and cans have been returned since the scheme was launched.
Furthermore:

- In just a few weeks, the amount donated by Hungarian consumers to the charity marked on the vending machines - children's treatment - has risen to 28 million forints, but the amount is growing every day;
- The most popular redemption method is the voucher, which can be redeemed in a shop or chain of shops, over HUF 6.2 billion has been recovered so far by the consumers;
- Unique in Europe, the domestic redemption system also offers the possibility to transfer money to a bank account - so far, consumers have claimed back around HUF 1 billion in this way;
- There are currently around 2,200 REpoints with a total of 3,200 redemption machines and around 1,000 manual redemption points. But the number of these will continue to grow in the future and their expansion is ongoing.

In the 2021-2027 programming period, EU co-financing under EEEOP Plus is planned to develop the capacity of existing recycling infrastructure to meet EU targets. Strengthening the market for secondary raw materials by increasing recovery is essential. The Investment Gap Analysis (GAP analysis), which is part of the NWMP, presents, inter alia, the quantitative data needed to meet the EU targets, identifies the capacity gaps and development needs to meet the targets set by the EU Directives, and is used as a basis for the funding allocation planning.

Separate collection of biodegradable waste from households

[10] https://njt.hu/jogszabaly/2023-450-20-22 (in Hungarian)

The regulation on the rules for separate collection of biodegradable waste from households (Government Decree nr. 559/2023. (XII. 14.) ([11]) also entered into force on 1 January 2024. The aim of the new legislation is to update the current practice whereby a significant proportion of biodegradable waste in our country is currently landfilled as municipal waste, rather than being recycled or used to produce compost and biogas, and to introduce stricter regulation by defining the types of waste and the mandatory proportions from which compost or biogas can be produced, thus contributing to the transition to a circular economy and to the prevention of biodegradable waste. The aim is to promote the production of compost and biogas from biodegradable waste, meeting quality criteria, and its increased and high-quality use.

NÉBIH (National Food Chain Safety Office) - Wasteless programme
A further important objective is to use as much organic material of plant origin that is not waste as possible, either at the place of its production or on the property where it is produced, to provide nutrients for plants, as far as environmental, economic and technical conditions allow. The promotion of home and community composting will therefore play an important role in the future, helping to reduce the amount of waste generated. To achieve this, however, emphasis must be placed on raising public awareness and educating the general public, in which the **NÉBIH (National Food Chain Safety Office) - Wasteless programme** will also be involved alongside the Concessionaire, complementing the programmes and initiatives already in place. The **European Week for Waste Reduction for a Sustainable Future** (hereinafter: EWWR) is an initiative launched by the European Union and takes place every year in the second half of November. Last year marked the 15th anniversary of the campaign, and Hungary was taking part for the tenth time in 2023. It is an initiative that has become more and more popular among the campaign organisers every year, so of course Hungary intends to take part in the coming years as well.
The long-term goal is not just to raise awareness during the week of November, but to make the goals a reality in everyday life**. EWWR 2023** took place from 18 to 26 November and 279 actions were registered. To mark the 15th anniversary of the EWWR, the Ministry of Energy is also planning to remove plastic takeaway food containers from the Ministry's restaurant and instead provide colleagues with access to a reusable food packaging system. This will reduce packaging waste in the Ministry. Of course, the campaign can also have a positive impact on the attitudes of the employees and their families.

In order to promote community composting under **EEEOP Plus RSO2.6**. a call for proposals is under preparation, which aims to support complex projects: establishment of community composting places and awareness raising of the community. These calls for proposals are still under development, so more information cannot be disclosed at this point.

Recently published legislation: Government decree 149/2024 (VI.28.)

149/2024 is the government decree on the detailed rules for activities related to the prevention of waste generation in connection with state investments on national or local public roads, as well as construction activities carried out on the national railway track network and the regional, suburban railway track network The decree is important milestone in circular economy activities, as it introduces the concept and definition of the primary and secondary raw material applicable in the construction sector..

Reuse and repair centres
Repair Café Budapest: There is one Repair Centre in Budapest, granted by the Budapest Capital Municipality.

Under the Environment and Energy Efficiency Operative Programme Plus (EEEOP Plus) of the 2021-2027 programming period EUR 220 675 089 ([12]) fund is available for RSO2.6. Promoting the transition to a circular and resource efficient economy. The most part of the available source is related to waste management (e.g. increase capacity related to recycling technologies).

[11] https://njt.hu/jogszabaly/2023-559-20-22 (in Hungarian)
[12] EUR 218 246 518 ERDF, EUR 2 428 571 CF.

Also, a limited source ([13]) available for the other parts of the value chain, related to the intervention field 075. Support to environmentally-friendly production process and resource efficiency in SMEs. Half of these sources are available as financial instrument.
In order to promote reuse and repair centres under EEEOP Plus RSO2.6. calls for proposals are under preparation, which aim to support projects

- by financial instrument: establishment of new business models, product as a service or sharing economy. Within this development of services like repair centres are potential projects.
- by non-refundable grant: establishment of re-use centres and implementation of related awareness activities.

EEEOP Plus RSO2.6. calls for proposals – are also under preparation – aim to support the further projects as well:

- by financial instrument for SMEs: establishment of new business models, like industrial symbiosis, revers logistic systems, sustainable and environmental friendly product design and production processes, connection of local production and consumption, shorten of value chains, etc..
- by non-refundable grant for SMEs: support of CE water management, pilot and demonstration projects, soft and related investments, awareness raising (not independently).

ESG Regulation

On 12 December 2023, the Hungarian Parliament adopted Act CVIII of 2023 on the rules of corporate social responsibility, taking into account environmental, social and societal aspects, and amending other related acts, to promote sustainable financing and unified corporate responsibility.

The companies concerned are large companies of public interest established in Hungary (they have an obligation for the year 2024) that met any two of the following three indicators in the financial year preceding the current financial year:

- the balance sheet total exceeded HUF 10 000 million;
- annual net turnover exceeding HUF 20 000 million;
- the average number of employees exceeded 500.

and the law also covers large enterprises (which are obliged to do so for the year 2025), if any two of the following three indicators exceeded the following thresholds on the balance sheet date in the financial year preceding the current financial year:

- the balance sheet total is HUF 10 000 million;
- annual net turnover of HUF 20 000 million;
- the average number of employees is 250.

and small and medium-sized enterprises of public interest (they have an obligation for 2026) are also covered by the law. These companies must publicly disclose information on the sustainability risks and opportunities they face, how sustainability issues affect their performance, position and development, and their impact on people and the environment.

The Parliament also amended the ESG Act on 10 April 2024 by adopting Bill T/7732 on the Amendment of Certain Economic and Property Management Acts to support the competitiveness of Hungarian companies in ESG compliance. By seeking to standardise the questionnaire annexed to the ESG report, it will reduce the increasing information requirements of external actors and the administrative burden on companies

[13] EUR 44 135 018 ERDF, EUR 909 334 CF.

by enforcing a caring state approach, and ensure the professional expectations of ESG contributors by supporting their preparation for ESG reporting and certification.

To reduce the administrative burden on companies, the amendment allows companies directly concerned by the ESG Act to prepare their ESG accounts on a consolidated basis, including information on subsidiaries. The ESG Act clarifies the tasks of the Regulated Activities Supervisory Authority (RSA) as an authority in relation to accreditation and registration, and the basic concepts and procedures that can be used in the detailed rules. It has also extended the ESG authority's supervisory and control powers in the consultancy and certification market and created the licensing leg of the state's drive for harmonisation in the area of questionnaires. The membership of the National ESG Council has been enlarged by the amendment of the law to include additional professional, policy delegates. This amendment ensures that the bodies involved in the development of the ESG detailed rules are strengthened in their ability to validate aspects affecting the competitiveness of enterprises and that the governmental, strategic and public policy perspectives are adequately represented in the definition of the minimum requirements for ESG reporting.

Monitoring and targets

Assessment of circular economy performance

The European Commission has set up a monitoring framework to keep track of progress towards a circular economy. This framework provides a holistic view as it:

- measures direct and indirect benefits of 'becoming circular' and
- values the contribution of a circular economy in living well within the limits of the planet
- addresses energy and material supply risks.

It consists of **5 thematic sections** with a total of **11 statistical indicators**, some of which have additional sub-indicators. In some cases policy targets exist which should be achieved in the future, and the indicators monitor progress towards these targets. The current monitoring framework is a revision of the original framework which was set up in 2018.

This section elaborates on the assessment of Hungary its progress in terms of observed trends over the last 5 years and what country characteristics or policy actions may explain differences between the country its performance and the average EU performance.

No new information has been received on this topic since the 2022 Country Profile.

Circular economy monitoring frameworks and their indicators beyond the ones from Eurostat

The earlier mentioned Hungary's National Circular Economy Strategy and Action Plan – based on the OECD Report – is under preparation.
The chapter related to the monitoring framework is based on the chapter with the same title of the OECD Report (8. Proposed action plan and monitoring framework of the National Circular Economy Strategy).

Indicators are also stipulated in the related chapter (8.) of the OECD Report and linked to the objectives set (Table 8.6., 8.7., 8.8.).

Circular economy targets

Hungary's National Circular Economy Strategy and Action Plan (under preparation) will set CE targets based on chapter 4. of A circular economy in Hungary by 2040"of the above mentioned OECD Report , which highlights these targets:

"4.1. A vision with clear goals steers the circular economy transition
The strategic vision and goals of the National Circular Economy Strategy (NCES) (as outlined in Figure 4.1) were developed by the OECD in consultation with the project steering committee and the stakeholder working group and validated by the Prime Minister's Office and the Ministry of Energy. All the stakeholders will collaborate to reach the following targets by 2040 (compared to 2019 levels):

- To restrict the amount of materials consumed, the government will invest in research and implement incentives to encourage resource efficiency through innovation, eco-design, product sharing and reuse. Hungary aims to double its resource productivity (GDP/DMC).
- To close the loop of materials use and to use materials more sustainably, measures will be taken to double the Hungarian circular materials use rate to 15%.
- To capture a broader array of benefits related to the transition to a circular economy, the government will implement support mechanisms for innovation and new business models. Hungary aims to increase the number of circular jobs by 30% across industry, agriculture and service sectors, to achieve 2.5% of total national employment."

Innovative approaches and good practices

Examples of public policy initiatives (national, regional or local)

➔ *Good practice example: Green/Circular/Sustainable public procurement*

PET Cup ([14])**:**
The Ministry of Energy gives high priority to the decontamination of the Tisza River and its tributaries, which are mainly polluted by waste from upstream countries, and therefore supports civil initiatives such as the PET Cup to eradicate illegal dumping. The PET Cup is an innovative civil initiative to stop recurring waves of pollution, identify the largest illegal landfills, and clean up floodplains and rivers. It differs from other waste collection activities in that it not only collects waste, but also manages it, coordinates the cleaning and recycling of the collected waste, and creates the conditions for the construction of PET bottle boats. Through all of these activities, they exemplify good practice in the transition to circular waste management, with an increasing impact on awareness raising and infrastructure development in addition to river illegal waste collection. It is a world-leading initiative to combat pollution through the use and recycling of polluting materials, based on the principle of 'waste to value'. In more than 10 years of existence, the PET Cup has become an initiative of international importance, with six other countries following this best practice last year. In 2023, with the support of the Hungarian government, the Cup has already been held in three locations, where participation and collection results have also been exceptionally high. The XI. Upper Tisza Plastic Cup resulted in collecting 937 bags of waste, the VI. Tisza Lake Plastic Cup resulted in collecting ca. 400-500 bags of waste and the IV. Bodrog Plastic Cup resulted in collecting a record quantity of 11 tons of waste. The numbers and results speak for themselves, so the Hungarian government is not hesitating to support the PET Cup in the future: from 2024, with the support of the Ministry of Energy, the River Rescue Centre will be further developed with the creation of a plastic recycling workshop using renewable energy (electricity generated by hydroelectric power). The Plastic Innovation Mobile Workshop will also be developed to bring sustainability messages to the less developed villages along the Tisza River where waste awareness is most needed.

"TeSzedd!" (Pick It Up!) - Volunteer for a Clean Hungary:

Since 2011, the Hungarian government has been organising the country's largest volunteer movement, Pick It Up! - Volunteer for a Clean Hungary - an action in which the population, regardless of gender, age

[14] https://www.petkupa.hu/eng/

or place of residence, participates in making our country clean and waste-free. The Pick It Up! campaign also aims to raise environmental awareness among the population and consumers, to emphasise the importance of preventing and eliminating illegal waste dumping and to promote volunteer work. With the involvement and active participation of the community, the campaign will contribute to the common goal of the Government and Hungarian waste management professionals: to create a sustainable country based on environmental awareness, where the amount of waste landfilled and its negative impact on the environment and health are successfully minimised in the long term. In 2023, participants collected 1775.9 tonnes of waste. In 2024, more than 95.000 participants collected ca. 809 tonnes of waste ([15]).

Examples of private policy initiatives (sectoral)

➔ *Good practice example for plastics*

RAKUN ([16])

The **Rakun Box Community** is a system that allows community members to take their food from the restaurant in the stainless steel Rakun box, which can be used approximately 1,000 times, or to order it to their home instead of the disposable packaging that is a major environmental burden.
In the framework of the project, Rakun has signed a cooperation agreement with the food delivery company Wolt and the IT development has been carried out to link the Wolt and Rakun platforms so that food orders placed through Wolt are delivered in Rakun boxes.
Rakun Ltd. has implemented its project "**Rakun Box Communit**y" as an incubator of Virgo Ventures in the framework of the 2020-1.1.4-STARTUP "STARTUP FACTORY" call announced by the National Research, Development and Innovation Office.
The project was completed in 8 months and the company was awarded a grant of 8 million HUF (20302,83 EUR) from the NRDI Fund.

➔ *Good practice example for food*

MUNCH ([17])

(B)eat food waste
Munch provides a simple solution for making food management more environmentally, socially, and economically sustainable.
Munch is a platform where restaurants and retailers offer unsold but high-quality food at a discount.
Besides food saving Munch has launched its joint charity project with the Hungarian Food Bank, the so called 'MunCharity', where needy person can be invited for a portion of food.
Munch was also the winner of the Blue Planet Climate Protection Award of the Hungarian Business Leaders Forum (in 2020).

Green List Buyer Programme

The **Green List Buyer Programme** promotes conscious shopping and environmentally responsible consumption. The aim of the campaign is to encourage residents to shop with a list of products they need and a reusable shopping bag, to make environmentally conscious choices and to reduce waste.

Wasteless ([18])

[15] https://national-policies.eacea.ec.europa.eu/youthwiki/chapters/hungary/28-raising-awareness-about-youth-volunteering-opportunities
[16] https://www.rakun.hu/en
[17] https://munch.hu/?lang=en_US
[18] https://maradeknelkul.hu/en/

In 2016**, the National Office for the Safety of the Food Chain (Nébih)** launched the **Wasteless** programme, which includes school programmes, educational materials and sectoral guides to identify problems that lead to food waste, prevent food waste and disseminate good practices. Since the launch of the programme, the food waste of the Hungarian population has been continuously monitored, i.e. solid and liquid food waste in households has been measured 4 times according to the EU methodology. The first data, from 2016, showed that Hungarians "produce" 68 kg of food waste per person per year, of which about half, or 33.1 kg, is actually wasted. Waste, or food thrown away unnecessarily, has been reduced to 24 kg by 2022, a 27% reduction**.**

➔ *Good practice example: Reuse and recovery*

VINTED ([19])

(Operating internationally, across Europe, even in USA and Canada, also in Hungary.) Second-hand can be brilliant. Provides opportunity to sell and buy used clothes or several kind of items.

REMIX by ThredUP ([20])

Originally a Bulgarian initiative, Remix is also active in Hungary, and is increasing in popularity. Remix is part of ThredUP, the world's largest second hand clothing-, footwear and accessories store, and allows preloved clothing a second chance, thus supporting sustainability and circularity efforts. It focuses on innovation in second hand retail and apparel industry, with its patented technology, "Resale-as-a-Service - RaaS" by ThredUp (USA).

➔ *Good practice example: New business models*

MESKA ([21])

Craft online shop makes thousands of products by local crafts and designers available, launched in 2008 and from 2022 onwards, it also offers a range of high-quality vintages for sale. Every month, around 550,000 potential customers browse and choose from unique, handmade products on its online marketplace. More than 4 M visitors per year, more than 1 Billion HUF business turnover, 55 M downloaded pages and hundreds of thousands of registered users.

➔ *Good practice example for textiles*

Frajla ([22])

Tailoring services, sale of second-hand, refurbished and altered clothing

Preloved garment retailers sometimes offer a tailoring service to keep more second-hand garments on the textiles market. This is the business model of the Hungarian Frajla, which offers a tailoring service as well as the possibility to buy second-hand but also refurbished and altered garments.

➔ *Good practice example for biodegradable waste*

Compocity

Compocity is a Hungarian startup. Its founders set themselves the green and truly useful goal of revolutionising the indoor composting process. Compocity is the answer to many people's wish that "it would be nice if a lot of kitchen waste didn't end up in the garbage".

[19] https://www.vinted.hu/about
[20] https://remixshop.com/hu/site/about-us (in Hungarian)
[21] https://www.meska.hu/aboutus (in Hungarian)
[22] https://www.frajla.hu/rolunk/ (in Hungarian)

If you have a large garden or plot of land, or if you have a friend who keeps pigs, you have already been able to recycle leftover food. However, these conditions are not typical for the majority of people, and at the same time, they may also have the desire to compost.
The Hungarian-developed Compocity offers just such a solution. **Compocity** is an automatic household composter that produces humus from household waste through fermentation. The good news for many is that it is essentially odourless and does not require earthworms.
Instead of earthworms, a fermentation process is used to produce soil from the leftover food, while the microorganisms keep the process at a low temperature.
At the heart of Compocity is an eco-robot that converts organic kitchen waste into compost in a matter of weeks cleanly, without odours and greenhouse gases, daily maintenance or earthworms.
The system's built-in sensors automatically detect the condition of the CompoMIX (composted material) and suggest the appropriate use.
Compocity is at the forefront of transforming office food waste into valuable fertiliser, in line with green technology trend.

The way forward

Identifying and addressing barriers and challenges

For EEEOP RSO2.6. ex-ante study of the financial instrument is under preparation, which will focus on SME's needs and ability to apply, but is still in an early stage, has no available findings yet.

Hungary's Circular Economy Strategy is under preparation also, based on the OECD Report[23], which found the following main challenges:

Although Hungary has achieved relative decoupling of economic growth from resource and energy uses as well as from waste generation, the country remains a below average performer in the EU. Hungary's **material productivity has been low** (at USD 1.8 per kg compared to the EU average of at USD 2.9 per kg in 2019), implying that Hungary does not use its materials efficiently to generate economic value. Moreover, the share of material resources used from recycled waste materials reached only 6.8% (well below the EU average at 11.9% in 2019). At the same time, Hungary's domestic material consumption has been higher than the EU average, while recycling rates remained low. (2.5.)

As wealth increases and living standards in Hungary converge towards the EU and OECD averages, **demand for resources and materials will increase**. In particular, the sectors where Hungary holds a comparative advantage (including electronics, motor vehicles, and other manufacturing) are projected to experience faster growth over the next three decades. In construction, high infrastructure investments will maintain resource demand, whilst the growth in services reflects the sector's growing importance in its economy. (2.6.)

The Strategy – under preparation – and its implementation is planned to address the main challenges.

Future policy plans

Hungary's National Circular Economy Strategy is under preparation by the Ministry of Energy. Measures and initiatives of the strategy are based on the mentioned OECD Report, in which the key policy recommendations are the following:

[23] https://www.oecd-ilibrary.org/environment/towards-a-national-circular-economy-strategy-for-hungary_1178c379-en

Key policy recommendations in the three priority areas of the OECD Report[24]

1. Biomass and food
- Developing a regulatory framework to support the use of quality compost and digestate in agriculture;
- Redefining the policy approach to bioenergy production;
- Strengthening education, information and training tools.

2. Construction sector
- Quality of secondary construction materials (standards, labelling);
- Restructuring of existing renovation support schemes;
- Mandatory selective demolition scheme (material recovery);
- Promotion of digitisation (to develop re-use and recycling).

3. Plastics
- Design → Increase recyclability;
- Economic incentives for recyclability (eco-modulation of EPR fees);
- Green public procurement;
- Increase landfill taxes and strengthen enforcement of waste legislation.

The document serves as a basis for the creation of Hungary's **National Circular Economy Strategy** and Action Plan, the work on which began after the publication on the OECD Report. The Strategy is foreseen to be accepted in the coming months. During evaluation of the document in coming years other key sectors are planned to be included to further widen the scope of the Strategy.

Component G of Hungary's Recovery and Resilience Plan aims at facilitating the transition to a circular economy. As part of the objective of waste management investments will help the transition to a circular economy in Hungary. In accordance with the objectives of the European Union and Hungary:
1. it contributes to the achievement of waste management objectives;
2. to increasing the recycling rate and
3. to the reduction of CO_2 emissions.

This supports the medium-term strategic goal of making the Hungarian waste management sector one of the exemplary models of circular economy in Europe.

According to the European Green Deal, the European Union must ensure that it is carbon-neutral by 2050 and that it undertakes a more ambitious reduction of at least 55% by 2030, in addition to the 40% emission reduction already agreed. The Hungarian Energy and Climate Plan also set targets for reducing waste-related emissions. 'Waste-related emissions will be reduced by 23% by 2030. The main driver of the reduction is the reduction in the amount of landfilled waste.' The planned investments consider, among others, investments in energy efficiency in the waste sector.

The component contributes to the following country-specific recommendations:
- 2019/3 Focus investment-related economic policy on research and innovation, low carbon energy and transport, waste infrastructure and energy and resource efficiency, taking into account regional disparities.
- 2020/3 Focus investment on the green and digital transition, in particular clean and efficient production and use of energy, sustainable transport, water and waste management, research and innovation, and digital infrastructure for schools.

[24] https://www.oecd.org/en/publications/towards-a-national-circular-economy-strategy-for-hungary_1178c379-en/support-materials.html (both in English and Hungarian)

- 2022/5 Promote reform and investment on sustainable water and waste management and the circularity of the economy, the digitalisation of businesses, green and digital skills, and research and innovation.

The existence of an NWMP is required by Directive (EC) 2008/98 of the European Parliament and of the Council on waste and repealing certain directives, as well as Act CLXXXV of 2012 on waste. The NWMP is prepared for a 7 years period, in line with the programming period of the European Union. The NWMP presents the waste management situation in Hungary for the 2021-2027 period, presents the situation at the time of preparation for each waste stream, the results achieved during the NWMP referring to the previous 2014-2020 period, identifies the shortcomings and outlines general and specific action directions for the given waste stream. The NWMP is prepared in order to achieve the strategic objectives of waste management, to achieve the set goals, and to enforce the basic principles of waste management. The aim of the NWMP is to contribute to meet the EU requirements. The NWMP action programme defines tasks and measures for the waste management and indicates the resource required for their implementation. The NWMP for the period of 2021-2027 has been adopted in 2021. Review of the NWMP is expected soon, and society is currently involved in commenting on the document. The NWMP names all targets that are also included in the present RRF document. One of the eligibility conditions for the payment of EU cohesion funding for the 2021-2027 period is up-to-date waste management planning, which is going to be fulfilled by the earlier mentioned Gap Analysis (under reviewing procedure with the European Committee). The NWMP is the basis for this condition of eligibility, so it will meet the criteria set by the EU.

Under the Environment and Energy Efficiency Operative Programme Plus (EEEOP Plus) of the 2021-2027 programming period EUR 220 675 089[25] fund is available for RSO2.6. Promoting the transition to a circular and resource efficient economy. The most part of the available source is related to waste management (e.g. increase capacity related to recycling technologies). Also, a limited source[26] available for the other parts of the value chain, related to the intervention field 075. Support to environmentally-friendly production process and resource efficiency in SMEs. Half of these sources are available as financial instrument. Several related calls for proposals are under preparation, expected to be launched late 2024/early 2025.

Under RRF RRP's G., the so called 'TRANSITION TO A CIRCULAR ECONOMY' component, which aims at strengthening smart, innovative and sustainable industry and secondary raw materials markets, the following reforms and investments were named. As it is set in the document the component aiming the further developments:

- Reform: National regulation of the Transition to a circular economy
    - The National Waste Management Plan for 2021-2027 – The plan has been prepared
    - OECD Report in which the National Circular Economy Strategy and Action Plan is based – THE OECD report has been published[27], and the actual Strategy is under preparation.
- Investment: Reinforcing a smart, innovative and sustainable industry and the market of secondary raw materials

The RRF is under implementation.[28]

[25] EUR 218 246 518 ERDF, EUR 2 428 571 CF.
[26] EUR 44 135 018 ERDF, EUR 909 334 CF.
[27] https://www.oecd-ilibrary.org/environment/towards-a-national-circular-economy-strategy-for-hungary_1178c379-en

European Topic Centre on
Circular economy and resource use
https://www.eionet.europa.eu/etcs/etc-ce

The European Topic Centre on Circular economy and resource use (ETC-CE) is a consortium of European institutes under contract of the European Environment Agency.

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