



Summary
**of the Audit on the Impacts of Actions Taken Against
Air Pollution and in the Field of Climate Policy (1119)**

Objectives and scope of the audit

The devastating effect of harmful substances emitted into the air drew the attention of decision-makers, experts and the public to the importance of the protection of air quality, the intensive climate policy and the preparation to the impacts of climate change. In order to reduce air pollution, the EU required Hungary to observe the limit value of the most harmful air pollutants until 2010, following which even stricter rules should be applied. In the field of climate protection, the Kyoto Protocol stipulated for Hungary the reduction of greenhouse gas emissions by 6% in the period between 2008-2012. In addition, national environmental programmes – already including international obligations – were implemented and legal regulations also specified tasks. Therefore, the audit objective was to evaluate whether government and local government actions ensured the implementation of objectives arising from international obligations, national interests and regulations. The audit covered the period between 2006 and 2011. In the framework of a systems audit, the audit focused primarily on the areas of high risk, within that on the measures aiming at the reduction of air pollution and greenhouse gas emissions caused by the energy and transport sectors. The utilisation of national and EU funds aimed at the reduction of air pollution and climate protection was evaluated from performance aspects. The audit covered the Ministry of Rural Development responsible for environmental protection, as well as the Ministry of National Development responsible for climate policy. In addition, the measures aiming at the reduction of local air pollution were also audited at ten local governments.

Main findings

The international obligations and objectives ensuring the reduction of air pollution and climate protection were incorporated in the national strategies and programmes, in harmony with national interests. However, the strategy on the reduction of air pollution was not completed, the Framework Act on Climate Protection was not issued, and the National Climate Change Programme was elaborated with a one-year delay. As regards EU obligations, in two cases – namely in the case of the limit values stipulated by the EU Directive on air

quality and the directives on climate protection – the transposition thereof into Hungarian law was not completed by deadline, therefore the EU launched infringement procedures which were closed upon the publication of legal regulations. Air protection concerns the activity of several sectors, i.e. environmental protection, public health, transport, energy, agriculture. However, the legal regulation of the division of tasks, competences and responsibilities was not clear and transparent. The responsibility for coordination did not appear in the regulation in a comprehensive way, the provisions covered mainly the activities of public authorities.

State measures were included in the national environmental programmes setting comprehensive and specific objectives, particularly in the Hungarian National Environmental Programmes II and III. The implementation procedure, the detailed tasks and the available resources were stipulated by the National Development Plan and the New Hungary Development Plan. The operational programmes on transport development and energy use of these programmes and plans established the objectives and priorities precisely. At the same time, the realisation thereof could be evaluated only partially, as target indicators facilitating the measurement and evaluation of the implementation of objectives were designated only by some of the priorities. The evaluation of measures and the utilisation of resources was restricted by the fact that the quantification of the reduction of the emission as a result of subsidies was not specified for applicants in every case.

In the absence of indicators, it was not possible to evaluate the impact of programmes on air quality and the emission trends. However, data and reports on air quality and emission trends were available. Based on the above, it was found that the proportion of settlements with an excellent or good air quality increased by 7%, while the proportion of those with polluted air increased by 10%. According to the report on the National Environmental Programme II, the proportion of the population concerned with air pollution was 34%, instead of the planned 20-25%. In the case of the most harmful air pollutants, the emission limit value required by the EU by 2010 was observed. Within this, the emission of sulphur dioxide decreased by such a large proportion that the manual measurement network could be reduced. The greenhouse gas emissions influencing climate change decreased altogether by 9% by 2009, the emission of carbon dioxide diminished by 17%. However, the emission trends originating from road transport are a warning sign, as the greenhouse gas emissions caused by transport increased by 32%. The indicator showing the emission of particulate matter, which is responsible for the formation of smog and is harmful to health, decreased in the last 5 years, but it still higher than the corresponding indicator 10 years before. Out of the 22 air quality zones, the yearly and daily limit values

were regularly exceeded in 8 zones. Therefore, Hungary requested from the EU Commission a temporary derogation from the obligation to observe the limit values in 2008, which was rejected in 3 zones on the grounds that the daily limit values cannot be observed with the planned measures. The procedure has not been closed yet. The objective aiming at the increase of the proportion of woodland, which is important in terms of carbon capture, was implemented at 20.3%.

The Kyoto Protocol stipulates record keeping and data provision on greenhouse gas emission, which was observed by Hungary. However, we submitted our annual reports to the UN with a delay, sometimes with deficiencies in their content, and we fulfilled the obligation of submitting annual reports to the EU with a delay, too. These shortcomings may result in the initiation of procedures.

The countries signing the Kyoto Protocol may trade with emission quotas internationally. Contrary to Hungary's commitment to reduce greenhouse gas emission by 6% by 2012 (altogether, it means a reduction of about 7 million tonnes), the emission was by nearly 32-37 million tonnes less in Hungary, that is, the country could count with selling nearly 120 million tonnes in the period 2008-2012. Hungary concluded four contracts in the period 2008-2010. The revenue from selling nearly 12 million tonnes of emission units amounted to HUF 38 billion. The documents on the preparation of the contracts are not complete, they do not contain any explanation for the prices, therefore the preparation of quota sales cannot be considered substantiated. The revenue from trading can be utilised exclusively for the reduction of greenhouse gas emission. The Green Investment System ensuring the professional framework thereof was launched with a two-year delay. As a result, the developments aiming at the reduction of the emission of climate change gases are launched with a delay and therefore there is a delay in the achievable results as well. In 2007, emission units to be distributed were approved by the EU Commission at a level 11% lower than indicated by national calculations for the period 2008-2012, which worsens the economic position of the companies concerned. Hungary took legal proceedings against this decision, which has not been concluded yet.

The tasks aiming at the reduction of air pollution and climate protection were financed from the EU funds of the National Development Plan for the period 2004-2006 and the New Hungary Development Plan for the period 2007-2012. The two programmes supported the reduction of the emission of air pollutants and greenhouse gases indirectly – the National Development Plan did it by means of transport developments, while the New Hungary Development Plan through reducing energy use. The subsidy amounted to nearly HUF 487 billion. The commitments of the twelve projects audited in detail were in harmony with the objectives included in the support programme. Out of these, seven projects set

indicators quantifying the reduction of emission. The developments – with the exception of one project not adequately prepared – were realised. In the case of two projects, the indicators developed more favourably than planned. A project of nearly HUF 8 billion did not operate in the year following the issuance of the occupancy permit due to the absence of an operator, who was appointed only after the on-site audit of the State Audit Office of Hungary (SAO) took place.

The conditions of the official monitoring of air pollution were found inadequate. Due to the lack of resources, the professional workforce capacity decreased, five laboratories were closed down, and the monitoring network was not modern. As a result, the number of measurements, the measuring of the limit values set, the calibration of instruments were not fully realised in compliance with EU provisions. Due to the developments amounting to nearly HUF 2.5 billion launched or already completed in the audited period, the quality of instruments is expected to improve. The public authorities' tasks related to the population were delegated from the town clerks of settlements to those of micro-regional centres. In the settlements, the practice of preventive warning prevailed instead of sanctions imposed against the population. According to legal provisions, local governments are required to prepare a local environmental programme. However, out of the 10 local governments audited, only six prepared such a programme, out of which only two fulfilled the obligation to consult the competent authorities indicated. According to the findings of the audit, the lack of programmes did not restrain the work of authorities, as environmental aspects were incorporated in local decrees.

Recommendations

The objective of the SAO's recommendations is that Hungary contributes efficiently to the international cooperation in the field of climate protection and aimed at the suppression of air pollution by addressing the deficiencies as regards the measures to reduce the impacts of air pollution and climate change and by the effective utilisation of the available resources.

Therefore, based on the audit findings, the SAO recommended the Minister of Rural Development in his responsibility for environmental protection to regulate the control and supervisory functions, to delimit the tasks of the state and local governments, to strengthen regulatory means, as well as to initiate measures concerning the obligations of local governments to enforce provisions at the Government. The Minister of National Development was recommended in his responsibility for climate policy to establish a transparent and documented system for selling and preparing emission units in the framework of emission trading, as well as to initiate at the Government the adoption of the Framework Act on Climate Protection. A common recommendation was made for both

ministers to elaborate indicators as comprehensively as possible for the evaluation of the effect of measures and subsidies.