

Delegation from Hungary
Position Paper for the United Nations Industrial Development Organization

The topics before the United Nations Industrial Development Organization (UNIDO) are: Accelerating Industrial Development in Africa; Promoting Sustainable Rural Entrepreneurship and Business; and Achieving Resource Efficient and Cleaner Production. Hungary strongly believes in the potential for industrial development both for poverty reduction and for enhancing global resilience to environmental risks and looks forward to working closely with other Member States in addressing these issues at the upcoming conference.

I. Accelerating Industrial Development in Africa

Despite economic growth rates in Africa still not having reached the 7 percent that would be required to pull the continent's population out of poverty, optimism for Africa has not diminished. Industry plays a vital role in development. It boosts economic activity, generates employment which creates social stability, increases the capabilities of the workforce, and much more. However, the continent faces many challenges which need to be addressed in order to accelerate industrial development. Extreme poverty, limitations in basic infrastructure such as a lack of clean, reliable and affordable energy, gender inequality as well as reduced human capacities, skills, and lack of capital and technical expertise are just a few examples of the factors contributing to the stagnation of industrial development in Africa.

Over the past decades, UNIDO has worked on tackling these challenges through the *Industrial Development Decade for Africa I* (1980-1990) and *II* (1993-2002) (IDDA). IDDA I focused on promoting industrial subsectors such as textiles and food processing, whereas IDDA II focused on rehabilitating and expanding existing industries such as food production and metallurgy, as well as utilizing Africa's natural resources for self-reliance and sustainable industrialization. Hungary places high value in UNIDO's IDDA and continues to work relentlessly at accelerating industrial development in Africa. In 2014, the African Union (AU) established Agenda 2063, which concentrates on utilizing African resources for the prosperity of the continent. Furthermore, in 2018 the *African Continental Free Trade Agreement* (AfCFTA) brought forth by the AU was ratified by 24 African countries. The AfCFTA enables regional trade without restrictions or tariffs which in turn is expected to facilitate growth of intra-African trade by 20% by 2022, as well as a large revenue for African Member States. Hungary, as a member of UNIDO, supports the implementation of AfCFTA through technical and financial assistance.

Hungary views the continued implementation of the IDDA III, which started in 2016 with the assistance of AfCFTA, as the best approach to accelerate Industrial Development in Africa. To achieve this, Hungary emphasizes the need for UNIDO to cooperate more closely with regional organizations such as the AU. This does not only mean ensuring financial support but also establishing a greater local presence and getting to know customs and challenges which hinder the implementation of the aforementioned agreements. To this end, Hungary suggests that UNIDO delegates for example sit in on sessions by the AU regarding the implementation of AfCFTA which would facilitate an instant exchange of knowledge and expertise by both entities. By strengthening its local ties as well as reaffirming the centrality of industrial development in Africa to its mission, Hungary believes UNIDO will be able to at last address the challenges to Africa's development sufficiently.

II. Promoting Sustainable Rural Entrepreneurship and Business

Entrepreneurship is a driving force of a country's economic growth, innovation, and social and environmental conditions. Rural entrepreneurship in particular provides employment and income opportunities for rural communities. However, the challenges rural communities face to establishing businesses are often also greater. Among these are a lack in capital, the insufficient involvement of women and youth, and outdated or unsuitable technology and equipment. With 65% of its employment being in the agricultural sector, developing rural businesses in Africa is of particular importance. Rural entrepreneurship, both agricultural and non-agricultural, is an important component of sustainable development.

UNIDO plays a fundamental role in strengthening rural entrepreneurship. Its cornerstone is the two Lima Declarations, the 1975 *Lima Declaration on Industrial Development and Cooperation*, which promotes the economic development of rural communities, and its 2013 descendant, *Lima Declaration Towards Inclusive and Sustainable Industrial Development*, which recognizes the eradication of poverty as an imperative objective of industrial growth. Rural business needs are also encapsulated in various UN *Sustainable Development Goals* (SDGs) such as SDG 1, SDG 8, and SDG 9. Hungary has collaborated extremely closely with UNIDO over the past decades and was named a strategic partner by Director General Li in 2015. However, Hungary has also taken national measures to support rural entrepreneurship. Thus, Hungary has renewed its *Rural Development Program* in 2014, allocating 4.17 billion Euros to projects in rural areas that enhance knowledge transfer and innovation, competitiveness, food chain and ecosystems management, resource efficiency and climate responsibility, and finally, social inclusion and local development. This program has been very successful in expanding rural entrepreneurship.

Hungary congratulates UNIDO and all its Member States on the numerous previous resolutions and policies. To further improve past policies, Hungary calls upon UNIDO to advance its implementation strategies. As Hungary has been quite successful with its *Rural Development Program*, we look forward to sharing our implementation strategies and suggest UNIDO to adopt some of these, such as implementing a monitoring committee which convenes at least twice every year to evaluate the effectiveness of past actions.

III. Achieving Resource Efficient and Cleaner Production

The coming century will see the challenge of seeing simultaneously both greater economic development and heretofore unseen environmental risks. Global GDP growth has averaged around 3% over the past decade, a trend that is expected to continue in coming years, and has been particularly strong in China and India, as well as certain regions in Africa, which is home to five of the worlds' ten fastest growing economies. Although laudable from an economic perspective, as this growth has been accompanied by a corresponding decrease in poverty rates, it will place never-before-seen stress on the environment, particularly when coupled with ongoing population growth. In addition to the risks posed by global climate change, unchecked development can give rise to locally unsustainable levels of pollution, immediately threatening public health. Although Hungary has the fortune of having a relatively robust environment, it, too, faces the challenge of maintaining economic growth while reducing emissions and improving air and water quality.

The role of UNIDO is thus shifting from merely encouraging industrial development globally and furthering entrepreneurship to strengthening Resource Efficient and Cleaner Production (RECP). This shift is exhibited both in recent UNIDO documents, such as the *Lima Declaration: Towards Inclusive and Sustainable Industrial Development (2013)* that establishes RECP as a means to Inclusive and Sustainable Industrial Development (ISID); the expansion of joint frameworks between UNIDO and the United Nations Environmental Programme (UNEP); as well as shifting areas of emphasis generally across the UN. As the first European country to ratify the *Paris Agreement*, Hungary has been at the forefront of these developments both internationally and locally: It has reduced its greenhouse gas emissions by 35% since 1990 and significantly strengthened its regulatory framework, keeping in line with the European Union (EU). It has also passed a series of five-year-plans that have uncoupled its Gross Domestic Product (GDP) from falling material consumption in recent years.

To reconcile the demands of expanding industrial development with protection of the environment, Hungary calls on UNIDO to implement a number of measures. In order to combat climate change specifically and provide incentives for companies of all sizes, from multinational conglomerations to SMEs, to reduce their carbon footprint, Hungary believes the long-term aim of the UN should be encouraging the implementation of a global carbon tax that will align the individual incentives of market entities with those of the public good. Working towards this goal, UNIDO should encourage countries to institute their own carbon incentives and encourage the creation of structures that allow for the measuring of carbon output at the level of production. In the meantime, UNIDO should also support measures that begin the transformation to a circular economy. Critically, this will mean the expansion of knowledge- and technology-sharing platforms that allow for the successes of the most resource-efficient countries to propagate rapidly. Finally, since industrial pollution spreads easily across country borders, Hungary calls on the collaboration of UNIDO with regional units that can help regional regulatory measures to be enacted, improving pollutant levels in the short term.