

Hungary

Municipality Utilities Project of the Varpalota Region



Heating supply system in Varpalota

Outline of Loan Agreement

Loan Amount / Disbursed Amount	4,914 million yen / 4,614 million yen
Loan Agreement	November 1994
Terms & Conditions	Interest rate 5.0%p.a. Repayment period 25years (Grace period 7 years)
Final Disbursement Date	November 1999

Project Outline

The project is one of a series being undertaken to improve the environment in the Varpalota Region to the southwest of Hungary's capital, Budapest. It involved the construction/expansion of water and sewage works in six municipalities and improvements to the region's heating system, in an effort to improve water and air pollution in the region.

Results and Evaluation

Regarding the waterworks, since it was not possible to drill new wells in the planned area due to water pollution, an alternative was devised, with water supplies from an unpolluted well being expanded and the necessary pumps and pipelines constructed.

In terms of sewage works, a sewage treatment facility was constructed for the 4 districts where sewage was overflowing from slop pails of each household and existing facilities were expanded, facilitating significant improvements in the treatment capacity for the region. A compost plant was constructed in one district targeting the recycling of sludge, and work has begun on the experimental production of fertilizer.

Pipelines were laid in order to convert the region's heating system to natural gas, and a heating supply system for apartment blocks has been constructed in one district. It has not been possible to attain a 100% diffusion rate for sewage and gas due to the difficulty of covering the connection costs among poor households, and the need to study on the cost burden sharing is currently under discussion. There is also a need for comprehensive measures to be continued throughout the region in order to address air pollution, since the impact of industrial emissions is considerable.