STANDARD SUMMARY PROJECT FICHE

1. Basic Information

1.1 Désirée Number: HU0108-04

1.2 Title: Waste-Water Canalisation of Zalavölgye-Natúrpark

1.3 Sector: Environment

1.4 Location: Municipalities of Oriszentpéter, Nagyrákos, Szalafo, Ispánk in the micro-region of Öriszentpéter in Hungary and the region of the Raab Naturpark in Austria

2. Objectives

2.1 Overall objective(s):

Reduction of risk of environmental pollution in the involved bilateral border regions facilitating sustainable development as well as EU accession.

2.2 Project Purpose:

Decrease the pollution of the surface waters in the Micro region of Öriszentpéter-Nagyrákos and Zalavölgye-Naturpark

2.3 Accession Partnership and NPAA priority

The objectives of the project are in line with the medium-term objectives of the Accession Partnership, chapter 3.2 on balanced harmonisation of the protection of environment. The same applies to the relation of the project to the NPAA, which covers the water protection objectives in its chapter 6.1.4.

2.4 Contribution to National Development Plan:

According to the revised PNDP (2001), based on the regional development strategies, the project reflects to one of the most important priorities of the region: Priority 4: “Development of the quality of living” measure 1 of “Our living space – Environmental Management Innovation Programme” (PNDP 2001, Chapter 5.5.6, priority 4).

2.5 Cross Border impact:

This project belongs to the priority “Sustainable Spatial and Environmental Development“ defined by the Joint Programming Document (JPD) Austria-Hungary 2000-2006 for INTERREG IIIA-Phare CBC. It belongs to measure “Resource management, Technical infrastructure and renewable energy“.

The project will be implemented in the Trilateral Hungarian-Slovenian-Austrian Nature Park area (Vas and Zala County in Hungary, Pomurje in Slovenia and Southern Burgenland in Austria). The aim of the Trilateral Nature Park is to implement complex regional development measures in order to sustain the unique landscape, natural and cultural heritage that is very similar on the three sides as well as to stop the population’s outward migration from this rural area. This project will contribute to the harmonisation of standards of wastewater treatment on the Hungarian side of the border with those standards already existing on the Austrian side. Inadequate treatment of wastewater and solid waste in the past has
left its mark and this is impacting on the quality of ground water on the Hungarian side. The whole Trilateral Nature Park Area is particularly susceptible to such damage because of the high levels of ground water.

3. **Description**

3.1 **Background and justification**

This region belongs to the Örség-Raab-Goricko Trilateral Naturpark, which area’s development is based on the beneficially good quality of the flora and fauna. This environmental system is very much dependent on the quality of soil and underground water basis. It is essential to preserve the soil and water quality through expanding the waste-water management infrastructure. Nearly ten years ago, a Study Plan was prepared to prove that the closed system of storage and desiccation is no longer adequate to protect surface and sub-surface waters. The resulting environmental contamination is a constraint on economic development and decreases quality of life. In the frame of a prior project (Sewage Treatment in Örség – Phase 1 (1997) the wastewater purification plant at Öriszentpéter was established which is the core of the wastewater treatment network serving the territory of the Örség region. This plant has much more capacity than it is presently used. The regional network will be completed through this present project connecting additional settlements by utilising the existing capacity of this plant and establishing small purification units where it is more economic than the connection to the Öriszentpéter plant. The implementation of the planned system (29,500 m of sewer network and 11 sewage pump stations), connected to the sewage treatment plant constructed from Phare CBC and national funds (capacity: 432 m³/day) would ensure the full utilisation of the capacity of the sewage treatment plant. The additional 5 small wastewater treatment plant and the connecting 6,180 m gravitational sewers at Szalafo, as well as the small wastewater treatment plant with the connecting 1,630 m long gravitational sewers at Ispánk (both to be constructed under the project) will also contribute to attain the objectives of the project.

3.2 **Linked activities**

The region is the core region of the Trilateral Hungarian-Slovenian-Austrian Nature Park. It has been a priority to create improved environmental conditions in the Naturpark from its outset. The activities under the Phare CBC Slovenia-Austria-Hungary Programme 1995-1996 function as synergic initiatives with the present project. The following projects were realised:

− Preparation of the Trilateral Strategic Development Programme (1995)
− Naturpark Centres Öriszentpéter and Szécsisziget (1995)
− Sewage Treatment in Örség – Phase 1 (1997) In the frame of this project the wastewater purification plant at Öriszentpéter was established. The regional network will be completed by this present project connecting additional settlements and establishing small purification units where needed.
3.3 Results

The project will result in an operating wastewater disposal and treatment system at the settlements of Öriszentpéter, Nagyrákos, Szalafő and Ispánk and thereby improve the quality of groundwater basis and infrastructural conditions for local economy.

The realisation of the facilities will decrease the quantity of pollution of surface waters according to the following approximate figures:

- Quantity of COD (Chemical Oxygen Demand) will decrease by 550 mg/litre, which is 60,000 kg/year
- Quantity of BOD (Biological Oxygen Demand) will decrease by 280 mg/litre, which is 30,660 kg/year
- The amount of purified water will be 300,000 litre/day

3.4 Activities

Presently the Öriszentpéter plant has a water-purification capacity of 432 m³/day. Only approximately 80 m³/day capacity is used today, which will be increased in the frame of this project to 300 m³/day.

All studies and plans for the project have been completed. For the Öriszentpéter-Nagyrákos part all permits have been granted, for the part in Szalafő – Ispánk, the Construction Permit of Water Structures is expected to be granted by the 10th of July 2001.

The project will be carried out in the framework of one Local Works tender. The following activities will be funded under the project:

- construction of 37,310 m Nd 200 mm PVC sewer with purifying and control shafts including related road reconstruction where the drain is put under the road-surface,
- construction of 4,032 m main sewer
- construction and engineering-electric assembly of 11 sewage pump stations,
- construction of 1020 pcs of household hook-up (10-m-long in average) of Nd 150 mm PVC pipes
- construction of new small wastewater treatment units where the direct connection to the Öriszentpéter plant is not effective economically (5 units at Szalafő with a total capacity of 42 m³/day, 1 unit at Ispánk with 8 m³/day capacity)

4. Institutional Framework

The Employer will be the Local Government of Öriszentpéter. The beneficiaries as well as the owners of the assets after project completion will be the Local Governments of Öriszentpéter, Nagyrákos, Szalafő and Ispánk, respectively.

The Local Government of Öriszentpéter will provide the tender documentation and supervision of the construction work. The Local Government of Öriszentpéter will appoint a firm with relevant experience to act as Supervising Engineer before the award of the Works contract.

In order to guarantee that the project is adequately managed the employer will utilise the project management services of the Managing director of Naturpark
Public Interest Company, Mr László Bauer (9941 Oriszentpéter, Városszer 55.; phone: 36 94 548023, fax: 36 94 548024) whose company works in the micro-region as a regional development agency. The company is owned by the municipalities of the Órseg area including the beneficiaries of this project and is entrusted with preparing project applications and with the management of development projects. There is a general agreement between the beneficiaries and the project manager for the management of development projects in the area. The project manager has gathered experience in the management of Phare CBC projects among others in those listed in chapter 3.2 Linked Activities.

The participating municipalities will ensure the operation by selecting the operator with relevant experience through an open selection process until project completion. This company will operate and maintain the networks as well as collect the service charges.

5. **Detailed budget (million €)**

<table>
<thead>
<tr>
<th>Contracts</th>
<th>Phare Support</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment</td>
<td>Institution</td>
<td>Total Phare</td>
</tr>
<tr>
<td></td>
<td>Support</td>
<td>Building</td>
<td>(=I+IB)</td>
</tr>
<tr>
<td>Works</td>
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<td>-</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2.0</strong></td>
<td><strong>-</strong></td>
<td><strong>2.0</strong></td>
</tr>
</tbody>
</table>

- **National Co-financing** will account for € 0.666 million that is 25% of the total project budget and will be provided by the local government of Óriszentpéter. The Phare amount is binding as a maximum amount available for the project. The ratio between the Phare and national amount is also binding and has to be applied to the final contract price.

6. **Implementation arrangements**

6.1 **Implementing Agency**

The project will be implemented under the overall co-ordination and supervision of the Ministry of Agriculture and Regional Development, whose representative, Dr. Peter Szaló, Deputy Secretary of State, will be designated as PAO.

The Ministry for Agriculture and Regional Development, through its National Agency for Regional Development acting as Implementing Agency (H- 1016 Budapest, Gellérthegy u. 30-32), will be responsible for all aspects of tendering and contracting as well as administrative and financial matters of the implementation.

**Address:** Ministry for Agriculture and Regional Development
National Agency for Regional Development
1016 Budapest, Gellérthegy u. 30-32.

Phone: 488-7171
Fax: 488-7188

6.2 **Twinning**

Not applicable.
6.3 **Non-standard aspects**

The Practical Guide to PHARE, ISPA and SAPARD contract procedures (PRAG) valid from January 2001 will be strictly followed.

6.4 **Contracts**

The project will be carried out in the framework of one single Local Works tender, which will be awarded through open tendering according to the relevant rules of the PRAG.

The works contract will have an estimated value of 2.666 MEUR.

### 7. Implementation schedule

<table>
<thead>
<tr>
<th>Component</th>
<th>Start of Tendering</th>
<th>Start of Project Activity</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Works</td>
<td>November 2001</td>
<td>May 2002</td>
<td>December 2002</td>
</tr>
</tbody>
</table>

8. **Equal opportunity**

Equal participation by women and men will be assured during project implementation and after project completion.

9. **Environment**

The whole project is aimed at the protection of the natural environment. According to the Environmental Impact Study prepared in April 2000 by Hydro-Ép Kft., the implementation of the project has no negative effect on the environment. The results of the Environmental Impact Study will be incorporated in the TD, as appropriate.

The sewage produced in the households is now collected in sewage cesspools and periodically (when cesspools are full) transported to sewage depots. The provisional sewage reservoir currently in use at the outskirts of Oriszentpéter will be closed through a technological process prescribed by the Hungarian legislation.

The outlet of the waste water system established will comply with EU standards, as detailed in the feasibility study.

10. **Rates of return**

The calculation of the financial rate of return examined a period of 20 years, the investment will break even (the NPV will turn positive) in the year 11, as detailed in the feasibility study. The Economic Rate of return will be 12%, the Financial Rate of Return will be 2%. The cost-benefit analysis underlines the necessity and the usefulness of the public support, because the indirect benefits generated by the project are relatively high, and due to the low financial rate of return, the investment could not take place financed by private resources.

The expected amount of incomes has been estimated on the basis of the expected amount of sewage (105,500 m³/year) and the charge to be paid by the end-user 1050 consumption units (1.61euro/m³ in 2003). Indirect benefits are calculated using the economic analysis methodology applied in the ISPA programme. In case of a wastewater canalisation and treatment investment indirect benefits of the project are calculated quantifying the favourable effects of the project on its environment. It includes savings in avoiding technological investments, benefits of new employment etc. In this project the indirect benefits generated are benefits of the created new
employment, benefits resulted from avoiding costs of new investments in wells, savings resulted from the decreased soil and groundwater pollution and from the lower costs of the less intensive treatment technology to be applied to produce drinking water.

The sewage produced in the households is now collected in sewage cesspools and periodically (when cesspools are full) transported to liquid waste depots. The current fee of discharge and transportation in year 2000 is 473 HUF/m³ + VAT (1.76 EURO/m³ + VAT). Starting year 2001, fees for Burdening the Environment are going to be introduced (approx. 150 HUF/m³), which will substantially increase the costs of depositing liquid household waste (evacuated sewage). The fees after the establishment of the current wastewater treatment system will be from 2003 on 423.5 HUF/m³ + VAT (1.61 EURO/m³ + VAT). Example for the fees paid in year 2000 by the public in the same statistical small region (Small region of Öriszentpéter) geographical area is Hegyhátszentjakab with 369 HUF/m³ + VAT (1.37 EUR/m³ + 25% VAT).

II. Investment criteria

11.1 Catalytic effect

The project will mainly serve to harmonise the wastewater treatment in the area to the EU Standards. It is expected that the gradual adoption of EU standards in this area will have, in the medium term, a positive effects on business conditions and stimulate investment.

11.2 Co-financing

Co-financing totalling 25 percent of the project cost is ensured by the local government of Öriszentpéter. The municipality of Öriszentpéter will cover the 0.666 MEUR co-financing through a subsidy from the Central Environment Protection Fund operated by the Ministry of Environment.

11.3 Additionality

The Phare intervention does not displace other financiers, neither from the private sector nor from IFIs.

11.4 Project readiness and size

The project complies with the minimum project size requirements. A detailed economic feasibility study, a detailed environmental impact study, construction plans, as well as the plans for approval have been prepared. A part of the project (Öriszentpéter-Nagyrákos) has the final permission for water construction (construction permit for water-related structures), the other parts (Szaláfo-Ispánk) are under the permission process. For these latter the plan for the construction permit of water structures has been submitted, all necessary permits prescribed by Hungarian legislation have been attached. The final permission for water construction shall be granted by the 10th of July 2001, that is before the approval of the project by the Phare Management Committee.

The tender documentation will be prepared until November 2001.

11.5 Sustainability
The feasibility study has proved that the wastewater facility is sustainable in the long term beyond the date of the EU accession. Future maintenance and operation costs will be built into the service charges.

The municipalities will ensure the operation by selecting the operator with relevant experience through an open selection process until project completion. The operator shall have the relevant experience as well as shall comply with the legal and technical preconditions prescribed by the relevant Regulation of the Ministry for Transport and Water Management (No. 18/1992, VII.14.). The operator contracted will be obliged to consult the local governments of Óriszentpéter, Nagyrákos, Szalafó and Ispánk as the owners of the facilities when defining the service charges that will ensure the representation of the beneficiaries’ interests.

The charges will allow from the year 2003 a positive cash flow for the operator, who will collect the service charges. The operator contracted by the municipalities involved will have to agree with them on whether to:

- Reinvest this profit into the enlargement and upgrading of the system or
- Redistribute it between the local governments according to their ownership.

The support of the Ministry of Environment and the intent of co-ordination with other projects is ensured in two ways:

- The project has been approved by the Joint Co-operation Committee/Monitoring Committee of the HU-AU CBC programme by consensus, the Ministry of Environment is a voting member of this decision making body.
- The construction permit for water structures has been granted by the regional directorate of the Ministry for Environment, the Western Transdanubian Environmental Protection Inspectorate.

11.6 Compliance with state aids provisions

All actions financed will respect the competition provisions of the European Agreement.

12. Conditionality and sequencing

All the required permits shall be obtained before the project is presented to the Phare Management Committee.
ANNEXES TO PROJECT FICHE

1. Logical framework matrix in standard format
2. Detailed implementation chart
3. Contracting and disbursement schedule by quarter for full duration of programme
4. Reference to feasibility /pre-feasibility studies.
5. List of relevant Laws and Regulations
6. Reference to relevant Government Strategic plans and studies
7. Statement of the Municipality of Oriszentpéter on the availability of the co-financing
8. Statement of the Municipality of Oriszentpéter on the availability of the necessary final permits
<table>
<thead>
<tr>
<th><strong>LOGFRAME PLANNING MATRIX FOR Project:</strong> Waste-Water Canalisation of Zalavölgye-Natúrpark</th>
<th><strong>Programme Name and Number:</strong> HU0108-04</th>
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<tr>
<td><strong>Contracting Period Expires 11/2003</strong></td>
<td><strong>Disbursement Period Expires 11/2004</strong></td>
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<tr>
<td><strong>Total Budget:</strong> € 2.666 million</td>
<td><strong>Phare Budget:</strong> € 2.0 million</td>
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</table>

**Overall Objective**
Reduction of environmental pollution in the involved bilateral border regions facilitating sustainable development as well as EU accession.

**Objectively Verifiable Indicators:**
- decreasing level of identified pollutants in wastewater samples from point sources

**Source of Verification**
Reports and statistics of the Central Statistical Office, Ministry of Environment and Ministry of Transport and Water management

**Project Purpose:**
Decrease the pollution of the surface waters in the Micro region of Óriszentpéter-Nagyrákos and Zalavölgye-Naturpark

**Objectively Verifiable Indicators:**
- 90 % of households and businesses in the area served by new waste-water treatment system
- increasing amount of wastewater going under primary and secondary treatment
- decreasing amount of unpurified waste-water

**Source of Verification**
- Measurement data
- Local government statistics
- Company registry
- Reports of relevant ministries

**Assumptions**
- Successful activities on other fields of environmental protection activities, including the reduction of air-, soil-, noise-, landscape pollution

**Results**
- An operating waste-water disposal and treatment system
- Improved quality of groundwater basis
- Improved infrastructural conditions for local economy

**Objectively Verifiable Indicators:**
- capacity improvement for water treatment and purification system
- 37,310 m canalisation network, 11 new pump stations, 37,310 m related road reconstructions and 6 new small units constructed
- Quantity of COD decreased by 550 mg/lt
- Quantity of BOD decreased by 280 mg/lt
- Purified water amount at 300,000 lt/day

**Source of Verification**
- Project reports
- Test from Environmental inspectorates

**Assumptions**
- Competent organisation for the management of the sewage system
- Local population can pay cost covering fees for connecting and the use of the sewage system

**Activities**
- Canalisation network of 37,310 m drain connecting about 90 percent of the households (1020) of the target region to the system
- 11 new pump stations
- 37,310 m reconstructed road
- 6 new small wastewater treatment units

**Means:**
€ 2.0 million of Phare support to be matched by co-finance contributions of € 0.666 million from municipality of Oriszentpéter

**Source of Verification**
- Project reports of the stakeholders

**Assumptions:**
- High quality project management
- Co-finance contributions available when required

**Preconditions**
- Feasibility study and other preparation studies have either been completed or are under completion
- All the required permits will be granted by July 10, 2001
- Institutional structure to implement and operate the project is in place
ANNEX 2

Waste Water Canalisation of Zalavölgye-Natúrpark
Detailed Implementation Chart

<table>
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<th>Year</th>
<th>2001</th>
<th>2002</th>
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<tbody>
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- **Design**:
  - S
  - O
  - N

- **Tendering and contracting**:  
  - M
  - A

- **Contract implementation and payments**:  
  - M
  - J
  - A
  - S
  - O
  - N
  - D
Waste Water Canalisation of Zalavölgye-Natúrpark
Cumulative contracting and disbursement schedule (€ Million)*

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Annex 4

Waste Water Canalisation of Zalavölgye-Natúrpark
Reference to feasibility/pre-feasibility studies

The following studies have been prepared on the request of the municipality of Óriszentpéter:

1. Title: Technical Feasibility Study for the Project “Waste Water Canalisation of Zalavölgye-Natúrpark and Óriszentpéter Nagyrákos”
   
   
   Prepared by: HYDRO-ÉP Kft
   
   Available at: HYDRO-ÉP Kft’s Office (H-9700 Szombathely, Vépi u. 11.)

2. Title: Economic-Financial Feasibility Study for the Project “Waste Water Canalisation of Zalavölgye-Natúrpark and Óriszentpéter Nagyrákos”

   Prepared: April 2000
   
   Prepared by: HYDRO-ÉP Kft
   
   Available at: HYDRO-ÉP Kft’s Office (H-9700 Szombathely, Vépi u. 11.)

3. Title: Environmental Impact Study for the Project “Waste Water Canalisation of Zalavölgye-Natúrpark and Óriszentpéter Nagyrákos”

   Prepared: April 2000
   
   Prepared by: HYDRO-ÉP Kft
   
   Available at: HYDRO-ÉP Kft’s Office (H-9700 Szombathely, Vépi u. 11.)

4. Title: Plans for Obtaining Construction Permit for “Waste Water Canalisation of Zalavölgye-Natúrpark and Óriszentpéter Nagyrákos”

   Prepared: 1995
   
   Prepared by: HYDRO-ÉP Kft
   
   Available at: HYDRO-ÉP Kft’s Office (H-9700 Szombathely, Vépi u. 11.)

5. Title: Construction Plan for “Waste Water Canalisation of Óriszentpéter Nagyrákos”

   Prepared: 1995
   
   Prepared by: HYDRO-ÉP Kft
   
   Available at: HYDRO-ÉP Kft’s Office (H-9700 Szombathely, Vépi u. 11.)
Annex 5

Waste Water Canalisation of Zalavölgye-Natúrpark
List of relevant Laws and Regulations

1? Act XXI/1996 on Regional Development and Physical Planning;
5? 75/442/EEC on waste
8? Commission Decision No. 97/662/EC on the reports on the implementation of certain prescriptions relating to waste (91/689, 94/62)
Waste Water Canalisation of Zalavölgye-Natúrpark
Reference to relevant Government Strategic plans and studies

- **Title:** Comprehensive waste water management information system for planning regional waste water management policy.

- **Government strategic plans:** The planned work is in accordance with the targets set out in the "National Environmental Program".

ANNEX 7

Waste Water Canalisation of Zalavölgye-Natúrpar

Statement of the Municipality of Oriszentpéter on the availability of the co-financing

Letter of Commitment

Undersigned Ilona Lorinczné Dolgos, Mayor of Oriszentpéter, hereby confirm, that the Municipality supports the Waste Water Canalisation of Zalavölgye-Natúrpar and Oriszentpéter-Nagyrákos project and that the necessary co-financing of €0.666 million on behalf of the beneficiary is available.

Ilona Lorinczné Dolgos
Mayor of Oriszentpéter
Waste Water Canalisation of Zalavölgye-Natúrpark

Statement of the Municipality of Oriszentpéter
on the availability of the necessary final permits

Statement

Undersigned Ilona Lorinczné Dolgos, on behalf of the Municipality of Oriszentpéter hereby confirm, that the Construction Permit for Water Structures for the project Waste Water Canalisation of Zalavölgye-Natúrpark and Öriszentpéter-Nagyrákos will be available by the 10th of July.


Ilona Lorinczné Dolgos
Mayor of Oriszentpéter