



Европейска инвестиционна банка
Evropská investiční banka
Den Europæiske Investeringsbank
Europäische Investitionsbank
Euroopa Investeerimispank
Ευρωπαϊκή Τράπεζα Επενδύσεων
European Investment Bank
Banco Europeo de Inversiones
Banque européenne d'investissement
Banca europea per gli investimenti
Eiropas Investīciju banka
Europos investicijų bankas
Európai Beruházási Bank
Bank Ewropew tal-Investment
Europese Investeringsbank
Europejski Bank Inwestycyjny
Banco Europeu de Investimento
Banca Europeană de Investiții
Európska investičná banka
Evropska investicijska banka
Euroopan investointipankki
Europeiska investeringsbanken

BY COURIER

Municipality Of Budapest
Városház u.9-11
H-1052 Budapest
Republic of Hungary

For the attention of Mr. Gábor Kárpáti, Head of Project Implementation Unit

Luxembourg, 18 July 2011

JU-OPS/CEE/EC/iw/2011-2116

Ref : HUNGARY – Budapest Central Wastewater Treatment Plant - B (FI N° 23.129)
Finance Contract between the European Investment Bank (the “**Bank**”) and the Municipality of Budapest (the “**Borrower**”) dated 18 July 2005 (the “**Finance Contract**”);
Guarantee Agreement between the Republic of Hungary (the “**Guarantor**”) and the Bank dated 14 October 2005/8 November 2005

Schedule A: Technical Description

Amendment No 3: Modification of Technical Description including extension of project completion date

Dear Sirs,

We refer to your request whereby you propose a modification of the Technical Description including the extension of the project completion date.

We hereby inform you that we agree to your request.

(i) Accordingly, Recital 5 and 6 of the Finance Contract shall read as follows:

5. The total cost of the Project as estimated by the Bank is EUR 546.4 million, including interest during construction.
6. The cost of the Project is intended to be financed as follows:

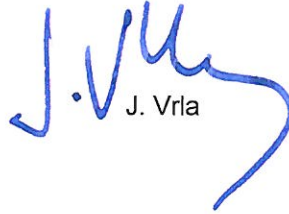
	EUR million equivalent
- Borrower's own funds	73.7
- Cohesion Fund Grant	278.7
- In order to complete the financing, the Republic of Hungary has also requested from the Bank financing in an amount equivalent to EUR 194 million, to be split between the Republic of Hungary and the Borrower: in an amount equivalent to EUR 94 million for the Republic of Hungary in an amount equivalent to EUR 100 million for the Borrower	194

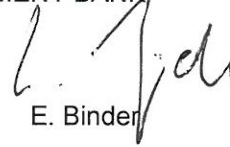
- (ii) Further, the date “30 June 2010” in Article 6.02 (Completion of the Project) of the Finance Contract shall be replaced with the date “31 December 2013”.
- (iii) Further, the Technical Description of the Finance Contract shall be exchanged with the Technical Description annexed hereto.

[Handwritten signatures and initials]

Please indicate your agreement to the above by initialling each page, and countersigning and dating each of the four originals of this letter and forwarding it then to the Guarantor for countersignature. Please then arrange for the return of two duly signed originals to the Bank by registered mail or courier, together with copies of the signing authorities of those persons signing on behalf of the Borrower. The amendments set out in this letter shall become effective on the date of receipt by the Bank of such two duly signed originals.

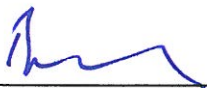
Yours faithfully,
EUROPEAN INVESTMENT BANK



J. Vrla


E. Binder

Agreed to
for and on behalf of
the Municipality of Budapest

Agreed by the
Ministry for National Economy
on behalf of the Republic of Hungary


Name: DR. GÁBOR BALCZ
Title: DEPUTY MAYOR FOR FINANCE
Date: 30/08/2011


Name: ROLAND NATRAIN
Title: DEPUTY STATE SECRETARY
Date: 15/08/2011

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Schedule A: TECHNICAL DESCRIPTION

Objective

The objective of the project is to eliminate raw wastewater discharges to the River Danube from central Budapest and to comply with the requirements of the EU Urban Wastewater Treatment Directive 91/271/EEC for non-sensitive waters. The plant will be designed to be easily upgraded for full tertiary treatment at a later date.

Project Description

Phase I – (project components identified in 2005)

The project concerns the design, tendering, technical assistance, site supervision, project management and physical implementation of a new wastewater collection, transmission, treatment and sludge disposal system for central Budapest including, for the avoidance of doubt, payments (including advance payments) to contractors and the International Consultant, in each case, in relation to the project.

The project includes the following investment components:

Buda Main Sewer

A new main collector for sewerage on the Buda Side of Danube River, with a length of 6 900 m and diameters varying from DN 1200 mm to DN 2400 mm, including ancillary investments.

Pumping Stations

Upgrading of 3 wastewater pumping stations

- Albertfalva Pumping station, rehabilitation of pumping station to a capacity of max. 14 040 m³/d
- Ferencváros Pumping Station, reconstruction/extension of pumping station to a capacity of max. 202 000 m³/d
- Kelenföld Pumping Stations, reconstruction/extension of pumping station to a capacity of max. 148 000 m³/d

River crossings

Two river crossings from Ferencváros and Kelenföld pumping stations, tunnelling technology

- Kelenföld siphon: under the mainland 2 x DN 1200 mm, pipe length 2 x 747 m; under Danube River 2 x DN 1320 mm, pipe length 2 x 483 m
- Ferencváros siphon: under the mainland 2 x DN 1400 mm, pipe length 2 x 700 m; under Soroksari Danube Branch 2 x DN 1320 mm, pipe length 2 x 309 m

Csepel Island WWTP (design horizon 2015)

A new wastewater treatment plant with a flow capacity of 350 000 m³/d flow, secondary treatment (according to Urban Wastewater Treatment Directive 91/271/EEC, for non-sensitive waters), the mechanical treatment capacity will cope with a volume of 900.000 m³/d in line with the peak capacities of Ferencváros and Kelenföld pumping stations. If, during tendering, it is found financially advantageous, the project may be enhanced to achieve full tertiary treatment standards for discharge to sensitive waters in accordance with Directive 91/271/EEC. The wastewater treatment plant will be internationally tendered as a limited (4-years) design-build-operate (DBlimO) contract, to enable benchmarking of operating costs before a long term contract is put in place.

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Although the Cséri compost plant component has been cancelled in line with the EC decision of 2009 the preparatory works of this component are also included in EIB finance.

Other components

Different road connections, flood protection and rehabilitation works and site preparation around Csepel Island WWTP, as well as engineering cost for project design, procurement, management, monitoring and supervision.

Timetable (Phase I)

The Phase I of the project will be implemented during the period 2004 to 2010, with the end of the WWTP's commissioning period scheduled for June 30, 2010.

Phase II (project components added after EC decision in 2009)

1. Construction/rehabilitation/extension of stormwater pumping stations at the locations of

Ferencvaros, capacity max. 24 m³/s;

Kelenföld, Capacity max. 12 m³/s;

Albertfalva, capacity max. 4 m³/s;

2. Relief collectors (COL 1 and COL 2) in Districts VI, VIII, IX, X, XI, XIV with a total length of about 15 km;

3. Environmental Monitoring equipment (a mobile laboratory including vehicle, laboratory equipment, data loggers etc);

4. Costs of FIDIC Engineer related to above components for the period 2009 and 2010;

5. Costs of Public relation for the period 2009 to 2010;

6. Sewage sludge (feasibility study, cost-benefit analysis, environmental impact assessment);

7. Technical Assistance (TA);

8. Reserves/contingencies

The proposed financial support to sludge treatment (disposal) during the test phase is excluded from EIB direct finance, the component, however, shall be part of the technical description.

Timetable (Phase II)

The additional components (Phase II) will be implemented during the period 2009 to 2011.

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Phase III (project components added after EC decision in 2010)

1. Construction of relief collectors COL3 in districts II., VIII., IX., X., XI., XIV. of Budapest
2. Sewer construction, upgrading Vas Gereben street pumping station, construction of pressure pipes, relief collectors, lift-over interim stations COL4 (district XXI.)
3. Costs of FIDIC Engineer(s) related to above components for the period 2011 and 2012
4. Costs of Public relation related to above components for the period 2011 and
5. Sludge study on alternatives for sludge use/disposal (feasibility study, cost-benefit analysis, permitting plans, permits)
6. Costs of procurement, design, studies, technical assistance, financial audit, project management and other tasks, related to above components for the period 2011 and 2012
7. Preparation of the detailed designs and construction of the wastewater collection and public area pumping and auxiliary structures of the 'Budai Irgalmasrendi' Hospital
8. Sludge logistics
9. Tertiary treatment
10. Reserves/contingencies (including adjudicated claims of the contractors for the period 2004-2012)

Timetable (Phase III)

The additional components (Phase III) will be implemented during the period 2011 to 2013.

