

water summit

COMPREHENSIVE WATER SOLUTIONS

HUNGARIAN COMPANIES UNITE TO UTILIZE THEIR EXPERTISE ABROAD

» The Hungarian Water Cluster was established in 2008 with the goal of collecting Hungarian companies from the different fields of the water industry to offer solutions in water issues to potential partners by uniting their expertise, knowledge, know-how, capacity and vitality. As the President of the Cluster, Károly Kovács points out to Diplomacy&Trade, "it is not just an industrial association or an interest representation organization but one that – utilizing the expertise, technology and experience of its member companies – can undertake the job of a general contractor in water-related projects."

Everything that's water

Regarding the structure of the cluster, he highlights that it can comprise the entire spectrum of water-related activities, the provision of technical and technological conditions for the collection, cleaning and re-utilization of rain water; the construction, reconstruction and repair of water networks, the treatment of municipal or industrial waste water, etc. – starting with the planning phase, which includes feasibility studies, the possibility of involving EU funds, providing a choice of project versions with different investment and maintenance costs. "We not only prepare technical solutions satisfying the Hungarian and European standards and requirements but also with cost-effectiveness and the client's budget in mind." The Cluster also applies international analysis methods to Hungary. For instance, Hungary was the first one to adopt the life-cycle based public procurement. "It means that when, say, local governments buy something, they do not only consider how much it cost but also take into consideration the costs of maintenance and operation throughout the life-cycle of the given project. The Hungarian Water Cluster was among those who took part in developing the methodology for this life cycle based public procurement," he explains.

The price of water

It is this versatility of the Hungarian Water Cluster that enabled it to change from the planned economy of the communist years to the market economy. "In the planned economy, water basically had no price and in the new capitalist system (when all related expenses of getting water to people's homes were added up) people suddenly had to face the problem of a price they were almost unable to pay," the President points out. "Water utility companies have experienced in the past few decades that the average water consumption of 200-250 liter (per person per day) in Hungary was reduced to 80-100 liters due to fact that people had to pay for what they used. Metering and paying for consumption made people watch how much water they use." Members of the Cluster also see other opportunities to reduce the need for water. "When we are asked to look into the possibility



of enlarging water cleaning capacities, we raise the issue of how much the so-called 'network loss' is, that is, the difference between the amount of water supplied into the system and the amount that people actually pay for. That difference is lost somewhere on the way to the consumers. This is when we try to figure out whether it would be possible to find the cause of that loss instead of increasing the capacity through the reconstruction of the pipe network or better metering methods," he adds.

In need of foreign markets

The Hungarian Water Cluster is managed by a limited company, which ensures the organizational and operational background with which the technical/technological solutions provided by the

members of the cluster are coordinated when entering the international market. "Our companies, who have already proven their expertise on the domestic market, need to find markets abroad as the Hungarian market is too small, it is very much subject to financing by EU funds (along with the strict EU project requirements) while, at the same time, the controlled water prices are not sufficient for maintaining and modernizing the extensive water networks (97% of the Hungarian population have access to piped water). All that means is that the Hungarian market does not generate enough opportunities and thus, those who plan for longer term need to look elsewhere. One possibility appears in countries that have recently joined the European Union (Bulgaria, Romania, Croatia) and some of the Western Balkans countries as

they are still eligible for special EU development funds. If you wish to look further, you definitely need a coordinated effort on international markets. This also necessitates our presence at professional exhibitions and fairs in the Asian region, for instance. Our members are regular participants of the professionals' delegations accompanying the international meetings of the Hungarian government," Károly Kovács stresses. The Hungarian Water Cluster has ongoing projects all over the world. "We have just completed one in Vietnam: a drinking water cleaning facility (complete with a pipe system) to serve 100,000 people; we are working on the expansion and intensification of water cleaning works in Sri Lanka; we are involved in establishing water cleaning works on more than 30 islands in Indonesia and other projects, too, in developing countries. In such cases, there is usually demand on behalf of the receiving country for local people to be trained by us for the running and maintenance of these facilities. This kind of training can be carried out through individual contracts or inter-state agreements. For instance, Hungary receives students through the Stipendium Hungaricum scholarship system. We, as Hungarian Water Cluster, have an agreement with higher education institutions to participate in the training of these foreigners," he adds. The target countries of our activities are usually developing countries with scarce financial resources for development projects. In order to find solutions to this problem, the Cluster is in partnership with the Hungarian Export-Import Bank (Eximbank). "We enjoy their assistance and support in our efforts to be successful on the international markets. We have under planning projects financed – through loans or credit insurance – by Eximbank in several African countries like Ghana or Ethiopia," he says.

International role

The members of the Cluster strengthen the credibility of the organization by having a decisive role in the leadership of the Hungarian professional organizations such as the Hungarian Water and Wastewater Association or the Hungarian Water Utility Association, and in the international ones (European Water Association, Asia – Europe Meeting Water Resources Research & Development Center). Károly Kovács himself has an impressive collection of titles: he is not only the President of the Hungarian and European Water Associations but is also the Vice Chairman of the Economic and Development Committee of the Eurasian water cooperation body ASEM Water that the Hungarian Water Cluster is a member of. "This international presence helps us to better communicate professionally with the professional players and political representatives on the target markets. This activity was greatly assisted by the 2016 Budapest Water Summit," the President of the Hungarian Water Cluster concludes. **DT**