STANDARD SUMMARY PROJECT FICHE
PROJECT NUMBER HU0105-05

1. Basic Data
1.1. Désirée-number: HU0105-05
1.2. Title: Development of the Vörös-tó section of the Baradla Cave (Northern Hungary)
1.3. Sector: Economic and Social Cohesion
1.4. Location: Hungary, Northern Hungarian Region

2. Objectives
2.1 Overall Objective
   • Increased economic cohesion by increasing economic growth in North Hungary

2.2. Project purpose
   • Infrastructure development at a key tourism site
   • Increased visitor numbers, positive multiplication effects resulting in higher consumer demand e.g. in the commerce and service sectors
   • Improved operating conditions for SMEs
   • Preservation of natural heritage

2.3. Accession Partnership and NPAA priority

The objectives of the project are in line with the short- and medium-term objectives of the Accession Partnership, chapter on Internal Market, promotion of enterprise development and the fulfilment of the Copenhagen Criteria, development of a capacity to cope with competitive pressure. The implementation mechanism is indirectly contributing to the preparation of Hungarian central and regional authorities for the implementation of the Structural Funds.

2.4. Contribution to National Development Plan

The fiche is in accordance with the regional development strategy of Northern Hungary as laid down in the PNDP (2001). More specifically the project is reflected in priority 2, measure 1 “Development of infrastructure associated with outstanding unique tourist attractions of the region and competitive tourist products” sub-measure 1 ‘Development of outstanding tourist areas of the region’

The investment projects that will receive funding under the Economic and Social Cohesion component of Phare 2001, including the present one, were selected through the following procedure:

1. A letter was prepared and sent by National Agency for Regional development to the Regional Development Agencies (RDA) and Regional Development Councils
(RDC) of the target regions in July 2001, asking them to submit their project proposals for Phare funding to the NARD by 30 September 2001. Evaluation criteria for the project selection were also prepared and attached to this letter.

2. The RDCs have started the collection of regional project ideas for the Phare programme. The RDCs prepared and sent a letter to all organisations concerned, calling for submission of project proposals according to the regional and national priorities described in the relevant regional and national plans.

3. The following organisations were contacted in the process:
   − The county development councils and agencies,
   − The municipalities of the bigger towns and cities with county rank of the region,
   − The small-regional associations, the mayors of all settlements, which are members of these associations
   − The managers of the sub-regional associations
   − The Regional Marketing Directorates
   − The Regional Tourism Board

4. A priority list was prepared for the collected project proposals based on the evaluation criteria previously provided by NARD. An expert committee whose members were selected by the RDCs prepared the priority list.

5. Based on the priority list of the project proposals, the RDCs selected the projects and submitted them to NARD.

2.5. Cross-border Impact
Not relevant.

3. Description

3.1. Background and Justification

The northern part of the North Hungarian region is one of the least developed micro regions in social and economic terms. The GDP of the North Hungarian Region is 9% of the national GDP. The contribution of tourism to the GDP is up to 3-4%. This is relatively low considering the high number of unique natural values, which could form the basis for extensive ecotourism and different other active forms of tourism. Furthermore, the overall quality of the transport infrastructure is quite good, and, above all, the on-going construction of the M3 Motorway up to the Tisza River, is planned to be completed by autumn 2002, which will further increase the accessibility of the region.

The present project contributes to promoting tourism in the region through infrastructure development at a key touristic site, the Baradla Cave. Situated in the vicinity of Aggtelek and Jósvafő, the Baradla Cave is the most renowned of the more than 270 caves in the area. The five largest ones of these are part of the UNESCO World Heritage. Baradla is one of the longest dripstone-caves in Europe. More than
half of the cave-branches is open for the public all over the year. Thanks to the enormous dimensions of the passages, the cave can even be visited by large tourist groups. For example, the famous "Concert Hall" can hold 1200 persons during the musical programmes or other cultural events. The air of the cave has healing effect against respiratory diseases.

The Baradla Cave has three main sections that were open to the mass public. The tourism-related installations (pavements, stairs, railings etc.) in one of these, the Aggtelek section, were reconstructed at the end of the 80's. Those in the other two sections (Jósvafő and Vöröstő, with a combined length of 2,125 km) were built from 1960 to 1966, and are in a worse condition. Additionally, the two sections can only be visited separately, a one-way guided tour of both caves is at present not possible. The technical equipment within the caves is old and does not meet today’s requirements. A potential breakdown can cause serious problems in the operation of the cave. The spotlights installed are not only consuming too much energy, they are also the cause for unwanted and harmful vegetation growth on the dripstones.

Project activities will therefore include the reconstruction of the Vöröstő Cave Section, the interconnection of the Vöröstő and Jósvafő sections, allowing one-way tours through both caves, as well as the replacement of the out-dated, potentially unsafe, and environmentally unsound lighting equipment. As a result, the Cave is expected to attract an even higher number of visitors. The daily number of tourists is expected to rise from 50 000 visitors in 1999 to 150 000 in about 12 years. (For detailed data please see Feasibility Study.) Responding to higher potential demand, the project will seek to raise the standard of on-the-spot touristic services through the construction of an in-door visitors' centre.

3.2. Linked Activities

The following developments have been implemented within the framework of Phare projects HU9505-5009, HU9505-5019, HU9505-5018 "Aggtelek and its Region – Tourism Development Project" by the Borsod-Abaúj-Zemplén County in 1997:
  - Preparing the declaration of the Baradla Cave as a medical cave; 5009-2
  - The reconstruction of the Tengerszem Hotel and Education Centre by the cave; 5019-1
  - Establishment of a bicycle trail in the region; 5019-2
  - Development of accommodations (Old Mill Inn at Jósvafő, Backpackers' Hostel and restaurant at Aggtelek
  - Off-school environmental education centre at Jósvafő
  - Development of the Memorial Park at Jósvafő
  - development of a show park at Tornanádaska

Related investments under preparation:
  - Reconstruction of the Tengerszem Restaurant and joining structures
  - Reconstruction of the cave exit building at Jósvafő
• Constructing the sewerage purification system in the Jósfa valley.

3.3. Results

• The investments planned in the framework of the project will allow shifting to a one-way tour system in the Jósvafő and Vöröstó sections of the caves.
• Visits to the most attractive parts of the Baradla cave become more comfortable, safer and more enjoyable
• The condition of the cave will be preserved and the exposure to environmental effects decreases
• The construction of the indoor visitor center to widen the scope of activities: open air concerts, seminars, exhibitions, and education on environmental protection. The esplanade would be the starting point of footpaths.
• The pavement, the electric system and all security installations in the cave will be modernised
• Public utilities connecting the visitor centre with the village of Jósvafő: drinking water, sewerage, phone line, electricity, control are established.
• Marketing strategy will be ready and identified marketing activities will be implemented.

3.4. Activities

The project will be implemented through one local works contract and one service contract (Government funded). The tender documentation will be compiled and the Aggtelek National Park Directorate, as project holder, will supervise the implementation.

The following activities will be carried out:

3.4.1. Construction works – surface buildings:
• An indoors visitor centre on 717,8 m²
• Parking lot for 60 cars and 10 coaches
• Replacement of a 20 kV overhead cable with an earth cable on a 1-km section in the territory of the Cave
• A 600 m length drainage system to channel precipitation falling on the visitor centre and the parking lots into the lake Vöröstó

3.4.2. Construction works in the cave:
• development and modernisation of 2125 metres-long pavement with stairway, and visitor security installations
• Public utilities connecting the visitor centre with the village of Jósvafő: drinking water, sewerage, phone line, electricity, control
• Lighting and illumination system inside the cave
• Necessary reinforcement of rocks

3.4.3 Marketing strategy
The expected increase of visitors to the cave as laid down in the feasibility study cannot be realised without the elaboration and implementation of a sound marketing
strategy that raises the awareness of the public on the possibilities that the cave and the Aggtelek park can offer.

Therefore a marketing strategy will be elaborated within the framework of this project that will form the basis for the future marketing activities in the area. In addition some key marketing activities have been identified already that will be embedded in the marketing strategy and implemented within the frame of this project in order to assure the optimal result of the investments. These activities are as follows:

- Establishment of the personal and technical conditions of conscious marketing activity
- Establishment of an entertaining educational base
- Establishment of a forest playground
- Professional preparation of souvenir offer creation
- Establishment of infrastructure background for cultural events
- Professional preparation of planning and organisation of cultural programmes
- Establishment of a professional cooperation system
- PR Activities during the investment
- Preparation of new publications
- Introductive communication campaign

The continuation and up-dating of the marketing activities started under this component will be covered by the operational costs as defined in the feasibility study.

A more detailed description of this activity is included in annex 7 of this project fiche.

4. Institutional framework

The works component of the project will be implemented according to the PRAG rules. The Aggtelek National Park will be the Employer. The supervising engineer with relevant experience will be selected later by the employer according to the EU principles of transparency and open competition. The engineer will be financed by own resources. The owner of the asset will be the Aggtelek National Park, which will activate the results coming from the project. The Aggtelek National Park provides the necessary expert background through the course of project implementation.

4. Detailed budget (MEUR)

<table>
<thead>
<tr>
<th>Components</th>
<th>Phare support</th>
<th>National Co-financing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment (B)</td>
<td>Institution building (IF)</td>
</tr>
<tr>
<td>Development of the Vöröš-tó section of the Baradla Cave Works contract</td>
<td>2,0</td>
<td>-</td>
</tr>
</tbody>
</table>
• The Project will be jointly co-financed between Government and Phare resources.
• The Ministry of Agriculture and Regional Development provides 0.333 MEUR, 12% of the total costs for the works component as national co-financing
• The Ministry of Environment provides 0.334 EURO, 12% of the total costs for the works component as national co-financing
• The Ministry of Environment and the Ministry of Agriculture and Regional Development will provide the 117,500 for the realisation and implementation of the marketing plan
• The Phare amount is binding as a maximum amount available for the project. Up to this maximum the ratio between the Phare and national amount is also binding and has to be applied to the final net 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 State Secretary, will be designated as PAO.

The Ministry for Agriculture and Regional Development, through the National Agency for Regional Development (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 DevelopmentH-1016 Budapest, Gellérthegy u. 30-32.
Phone: +36-1-488-7171
Fax: +36-1-488-7188

6.2. Twinning

Not applicable.

6.3. Non-standard aspects

Tendering and contracting procedures will strictly follow the provisions of the Practical Guide for Phare, ISPA and SAPARD contract Procedures.

6.4. Contracts

The works component of the project will be carried out in the framework of a single works contract that will be awarded through an open local tender. The total estimated value of the Phare contract will be 2 M€.

The service component of the project is 100% financed from own resources and will therefore follow the Hungarian procurement rules.
7. Implementation schedule

<table>
<thead>
<tr>
<th>Component</th>
<th>Start of tendering</th>
<th>Start of project activity</th>
<th>Project completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing strategy service contract</td>
<td>2002 September</td>
<td>2002 November</td>
<td>September 2003</td>
</tr>
</tbody>
</table>

8. Equal opportunity
Equal participation of women and men in planning, implementing, and operating the project will be ensured.

9. Environment
The main benefits of the planned operations include environmental and nature conservation. As a result of the reconstruction tourism turnover increases while the harmful effects (of light, pollution) on the cave and its surroundings decrease. The technical plans of the reconstruction promote the use of environment-friendly, long lasting, corrosion resistant materials and the construction of a service channel, which allow cheap and easy future repairs.

The environmental impact caused by the increasing number of visitors will be dealt with through the collection of solid waste in containers and within the framework of the ongoing project concerning the construction of the sewerage purification system in the Jóska valley. The Aggtelek National Park has its own sewerage network, which is suitable for connection to the purification system in the Jóska valley, which will be covered by the National Park. The increasing expenses will be included in the price of the tickets.

The environmental impact report "The visitor centre of the Vörööstó entrance of the Baradla Cave, water management, electricity supply" concerning the planned investment has been concluded by ESCO-T Ltd. in January 2000 and is available at Aggtelek National Park and the North Hungarian Environmental Inspectorate. The main findings of the study are the following:

- A significant landscaping effect is the replacement of a 20 kV overhead cable with an underground cable.
- The water supply of the Lake Vöröš-tó will be improved by channelling the precipitation into it. This will enable the revitalisation of the lake that has been suffering from eutrophisation.
- Air, solid waste, and noise pollution will not increase

10. Rates of return
According to preliminary expert estimations the economic rate of return is expected at 10% for a period of 10 years.
11. Investment criteria

11.1 Catalytic effect:

Preliminary estimations suggest that the project will have an important multiplier effect directly on the income of the tourist sector and indirectly on the income of other related sectors in the region:

The planned investment is expected to increase the turnover of SMEs of the micro region operating in the tourism and handicraft sector or producing traditional agricultural products. In addition, the project will have a positive impact on the utilization of supporting services e.g. pensions, hotels, sport centres, restaurants, bicycle renting service.

Finally, the expected growth in the number of visitors, and the resulting increase in consumer demand will contribute to the creation of new jobs and have positive multiplying effects for other branches of the economy, in particular for SMEs in the commercial and service sectors.

A quantification of these externalities is included in Annex 8.

All generated income resulting from this project will be reinvested in the National Park. Annex 9 of the project fiche provides an indication of the investments that will be financed from the generated income until 2012. The figures are based on the estimation of the income and costs included in the feasibility study.

11.2. Co-financing:

- The rate of national co-financing is 28 % that will be provided by Ministry of Environment and the Ministry of Agriculture and Regional Development. The Ministry of Environment provides 0.334 EURO, 12 % of the and the Ministry of Agriculture and Regional Development provides 0.333 MEUR, 12 % of the total costs as national co-financing for the works. In addition, the Ministry of Environment and the Ministry of Agriculture and Regional Development will finance the costs of the elaboration and implementation of the marketing strategy which amounts 117,500 Euro.

11.3. Additionality:

The Phare intervention does not crowd out other financiers. According to the 1996. LIII. Law on nature protection “all the caves are government property and cannot be privatised”. It is stated in the 211/1997. (XI. 26.) Government Regulation that “the Directorate of the National Park is the manager of the protected areas and natural values which are state properties, The Directorate must maintain and operate touristic institution”. Consequently, private sector initiatives and capital cannot be used, the present and the future real estates are of state property, they can not be subject of negotiation, business loans. The above estates cannot be subject of mortgaging either.
11.4. Project readiness and size:

The preliminary studies and plans for approval have been compiled, and the authority permits have been obtained. The Tender documentation will be prepared by the time of the signature of the FM.

A feasibility study titled „Development of the Vörös-tó section and establishment of a visitor centre of the Baradla Cave” was commissioned by Aggtelek National Park Directorate and conducted by RMC Regional Marketing Centre Ltd, Miskolc in 2000

11.5 Sustainability:

No harmful environmental effects are caused, which is supported by the environmental impact assessment. Sustainability is secured as indicated in the data of the return table, since income considerably exceeds operational and maintenance expenses.

11.6 Compliance with state aid provisions

Regarding project implementation, procurements and services will be performed as regulated by the PRAG. The state aid and competition provisions of the Europe Agreement will be respected during implementation.

12. Conditionality and sequencing

No conditionality is applicable. The sequencing will follow the implementation schedule.
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 (including disbursement period)
4. Reference to feasibility studies
5. List of Relevant Laws and Regulations - Government resolution 2073/1999 (IV.21)
6. Reference to relevant Government Strategic plans and studies
7. Marketing Strategy
8. Externalities of the project
9. Planned investments of the Aggtelek National Park
### Logframe planning matrix

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increased economic cohesion of Hungary by increasing economic growth in North Hungary</td>
<td>• GDP produced in the region growing faster than the national average</td>
<td>• statistical data (CSO)</td>
<td>(4)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project purpose</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| • Infrastructure development at a key tourism site  
• Increased visitor numbers, Positive multiplication effects resulting in higher consumer demand e.g. in the commerce and service sectors  
• Improved conditions for SMEs  
• Preservation of natural heritage | • Increase of the number of guests of the cave to 70,000 by the end of 2004  
• Increase of the number of guest-nights by 60% by the end of 2004 in the region  
• Reduction/elimination of lamp flora  
• Growing number of hibernating bats (by 30%) | • statistical data (CSO)  
• statistical report of the Aggtelek NP | (8) |

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| • The investments planned in the framework of the project will allow shifting to a one-way tour system in the Jósvafő and Vöröstö sections of the caves.  
• Visits to the most attractive parts of the Baradla cave become more comfortable, safer and more enjoyable  
• The condition of the cave will be preserved and the exposure to environmental effects decreases  
• The construction of the indoor visitor center to widen the scope of activities: open air concerts, seminars, exhibitions, and education on environmental protection. The esplanade would be the starting point of footpaths.  
• The pavement, the electric system and all security installations in the cave will be modernised  
• Public utilities connecting the visitor centre with the village of Jósvafő: drinking water, sewerage, phone line, electricity, control are established.  
• Marketing strategy will be ready and identified marketing activities will be implemented. | • The construction works are carried out on time and facilities are operational by December 2003  
• The visitor capacity of the cave increases by 300 %  
• An indoors visitor centre on 717,8 m²  
• Parking lot for 60 cars and 10 coaches  
• Replacement of a 20 kV overhead cable with an earth cable on a 1-km section  
• Development and modernisation of 2125 metres-long pavement  
• Marketing strategy | • Phare IA reports  
• statistical report of the Aggtelek NP | (12) |

<table>
<thead>
<tr>
<th>Activity</th>
<th>Means</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>(13)</td>
<td>(14)</td>
<td>(15)</td>
<td>(16)</td>
</tr>
<tr>
<td>Construction works - surface buildings:</td>
<td>Construction works in the cave:</td>
<td>Elaboration and implementation of marketing strategy</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>---------------------------------</td>
<td>-----------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>• An indoors visitor centre on 717.8 m²</td>
<td>• Development and modernisation of 2125 metres-long pavement with stairway, and visitor security installations</td>
<td>• 2.000 MEUR Phare funds</td>
<td></td>
</tr>
<tr>
<td>• Parking lot for 60 cars and 10 coaches</td>
<td>• Public utilities connecting the visitor centre with the village of Jósvafő: drinking water, sewerage, phone line, electricity, control</td>
<td>• 0.7845 MEUR Government funds</td>
<td></td>
</tr>
<tr>
<td>• Replacement of a 20 kV overhead cable with an earth cable on a 1-km section</td>
<td>• Lighting and illumination system inside the cave</td>
<td>• Staff input from the IA and the RDA</td>
<td></td>
</tr>
<tr>
<td>• A drainage system to channel precipitation falling on the visitor centre and the parking lots into the Lake Vörös-tó</td>
<td>• Necessary reinforcement of rocks</td>
<td>• Publications, experts' evaluations</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Nature conservation monitoring data from the Speleological Department of the Ministry of Environment</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Results of special surveys</td>
<td></td>
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</tbody>
</table>

Preconditions (16)

- Good quality tender documents ready and accepted by all parties by December 2001
- The realised income from tourism facilitates related services, as existential bases
- Sufficient amount of qualified labour force in the region
ANNEX 2.

DETAILED IMPLEMENTATION CHART

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
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<tbody>
<tr>
<td>Works tender</td>
<td>[Graph]</td>
<td>[Graph]</td>
<td>[Graph]</td>
<td>[Graph]</td>
</tr>
<tr>
<td>Service tender*</td>
<td>[Graph]</td>
<td>[Graph]</td>
<td>[Graph]</td>
<td>[Graph]</td>
</tr>
</tbody>
</table>

- **Design (20% shadowing)**
- **Tendering and contracting (50%)**
- **Contract Implementation and Payments (80%)**

* 100% financed from own resources
ANNEX 3.

CONTRACTING AND DISBURSEMENT SCHEDULE BY QUARTER FOR DURATION OF PROGRAMME (MEUR)*

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Commitment</td>
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<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Disbursement</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.2</td>
<td>0.4</td>
<td>0.6</td>
<td>0.8</td>
<td>1.1</td>
<td>1.4</td>
<td>1.7</td>
<td>2</td>
</tr>
</tbody>
</table>

*Only for Phare support
ANNEX 4
FEASIBILITY STUDIES

Development of the Vörös-tó section and establishment of a visitor centre of the Baradla Cave (feasibility study) Commissioned by Aggtelek National Park Directorate Conducted by RMC Regional Marketing Centre Ltd, Miskolc December 2000


Preliminary Environmental Impact Assessment of the indoor visitor centre of the Lake Vörös in the Cave Baradla – prepared by: ESCO-T Ltd Leányfalu, January 2000

Summary:
- The project doesn’t pose adverse effects on the environment which would make its accomplishment unacceptable in respect of nature conservation as the damage of living and lifeless surroundings is mainly avoidable or its extent doesn’t risk neither natural values nor the healthy environment.
- Land-use will not be changed.
- Extent of damages on biotope caused by the new buildings won’t risk the biodiversity of the area.
- Replacement of the 20 kV aerial line with an underground cable has a good effect on landscape.
- Environmental impact of visitors doesn’t risk flora and fauna of the area.
- Havaria must be taken into account when planning sewage and rainwater canalisation, security system must be installed.
- The water supply of the Red Lake results in the reconstruction of habitat and in the preservation of the individual landscape values.
- In the impact area of the project unacceptable degree of adverse effects on the environment and nature is not likely.

Air: only electric energy will be used so there is no increase in permanent air contamination comparing to the present one.

Water: getting the surface waters to the Red Lake has a good influence on its status. Water level and water quality must be monitored; the excess stormwater must be diverted through the drainage system if necessary.

Sewage: during the construction contamination of soil and groundwater system from oil spills must be prevented.

Landscape: besides removing the aerial lines the new building fits the environment and occurs as a new feature in the landscape.

Waste: the generated waste will be carried to the regional dump.

Flora and fauna: for decreasing the damage of treading on surface the earthwork must be done out of the vegetation period. Pedestrian traffic will be restricted to signed paths. There is already some disturbance of the fauna but its significance is negligible comparing to the impact of the main road.

Illumination system:

Speleology Institute, "Guidelines to the planning, development and operation of illumination systems in show caves." 1987.


Rock stability:


Nature conservation:


Dr. Szunyogh, Gábor, Monitoring of the speleological values and general state of the Vörös-tő– Jósvafő section of the Baradla Cave
1996. LIII. KTM law on nature protection

7/ 1984. (XII.29.) OKTH regulation on the establishment of the Aggtelek National Park

13/1998. (V. 6.) KTM regulation on the registration of caves, the conditions of studying and visiting caves, and on the construction and development of caves
REFERENCE TO RELEVANT GOVERNMENT STRATEGIC PLANS AND STUDIES

Preliminary National Development Plan, (PNDP, II./1.2.1.), (PNDP, II./3.1.4.)

Regional Development Plan for Northern Hungary

Regional Development Concept for Borsod-Abaúj-Zemplén County

Széchenyi plan – IV. Subprogram

ANNEX 7

DETAILED BUDGET AND TIME SCHEDULE OF MARKETING STRATEGY

The following table contains the estimated expenditures for the implementation of the proposed marketing activities. The maintenance of the marketing activities will be covered by the operational costs of the cave.

<table>
<thead>
<tr>
<th>No.</th>
<th>Content of the Marketing Program</th>
<th>Objective</th>
<th>Deadline</th>
<th>Draft Expenditure EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Preparation of Marketing Strategy and Operational Plan</td>
<td>Professional Planning, Definition of Tasks</td>
<td>January, 2002</td>
<td>6,000</td>
</tr>
<tr>
<td>2</td>
<td>Establishment of the Personal and Technical Conditions of Conscious Marketing Activity</td>
<td>Insure conditions</td>
<td>March, 2002</td>
<td>4,000</td>
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<tr>
<td>3</td>
<td>Establishment of an Entertaining Educational Base</td>
<td>Development of Service</td>
<td>June, 2003</td>
<td>17,000</td>
</tr>
<tr>
<td>4</td>
<td>Establishment of a Forest-Playground</td>
<td>Development of Service</td>
<td>June, 2003</td>
<td>9,500</td>
</tr>
<tr>
<td>5</td>
<td>Professional Preparation of Souvenir Offer Creation</td>
<td>Development of Service Offer</td>
<td>December, 2002</td>
<td>2,000</td>
</tr>
<tr>
<td>6</td>
<td>Establishment of Infrastructure Background for Cultural Events</td>
<td>Development of Service</td>
<td>June, 2003</td>
<td>11,000</td>
</tr>
<tr>
<td>7</td>
<td>Professional Preparation of Planning and Organization of Cultural Programs</td>
<td>Development of Service</td>
<td>June, 2003</td>
<td>4,000</td>
</tr>
<tr>
<td>8</td>
<td>Establishment of a Professional Cooperation System</td>
<td>Effective Operational Conditions</td>
<td>January, 2003</td>
<td>2,000</td>
</tr>
<tr>
<td>9</td>
<td>PR Activities During Investment (articles, presentations, study tour)</td>
<td>Raising interest</td>
<td>June, 2003</td>
<td>7,000</td>
</tr>
<tr>
<td>10</td>
<td>Preparation of New Publications (printed, video, CD)</td>
<td>Effective operational background</td>
<td>June, 2003</td>
<td>25,000</td>
</tr>
<tr>
<td>11</td>
<td>Introductive Communication Campaign (advertisement: City Light, TV, radio, PR: exhibition, conference)</td>
<td>Raising interest</td>
<td>September, 2003</td>
<td>28,000</td>
</tr>
<tr>
<td></td>
<td><strong>Total:</strong></td>
<td></td>
<td></td>
<td><strong>117,500</strong></td>
</tr>
</tbody>
</table>
ANNEX 8

ESTIMATION OF MULTIPLIER EFFECT OF INVESTMENTS

The results of project implementation as defined by the study are the followings:

- The utilization of Baradla Cave, part of the World Heritage, on a higher service level, as part of a complex tourism product.
- The Cave’s capacity will be increased, technical development ensuring the long-term operation of the Cave will be carried out.
- Exemplary landscape-building and technical solutions are established and one-way tour system serving the protection of environment is accomplished.
- Marketing activity system as a basis of effective, tourist-oriented operation is created, which results in:
  - The increase of the acknowledgement of the Baradla Cave internationally and all over Hungary
  - The increase of visitors’ satisfaction
  - The increase of income level in the area, a positive change in economic structure achieved
  - The increase of incomes sourcing from the touristic utilization of the Cave, related tourism services and of other sectors.

Besides the direct positive effects the significance of multiplicative effects has to be emphasized, which are affecting other economic actors, institutions and inhabitants in the area.

The transformation of multiplicative effects into numerical data and the planning of tourism processes are based on international and Hungarian estimation techniques and experiences serving as a basis for economic calculations and on our own research results.

The following considerations were taken into account:

- The project induces further investments targeting tourism infrastructure and tourism services development (accommodation facilities, restaurants, production of gifts and souvenirs, programs).
- The tourism income generated by the implementation of the project can be estimated on the basis of the purchase of tickets by the visitors of the Baradla Cave – knowing the current state of related tourism offer, the new opportunities achieved by the implementation of the project and the spending behavior of tourism visiting the area.
- The estimations of tourism incomes and the multiplicative effects in other sectors induced by employment are based on index-numbers, which were taken from international practice and corrected according to the conditions of the local division of labor and integrative relations. (The estimated multiplicative effect is 2.5 in production, 2 in employment and 2 regarding incomes).

Multiplicative Effect – Investment

- Since the number of visitors will increase due to the implementation of the project, further investments are needed in the fields of infrastructure
development (road, cycle track), accommodation facilities, catering and other connected services and production (through renovations, modernization, the extension of capacity). Taken into consideration the ideas and projects which are already known, the calculated induced investment until the end of 2003 reaches up to 2-3 MEUR in the small-region, similar to the size of the current project.

- In the estimation of the multiplicative effect in employment, taken into account the extra capacities – indicated in the previous point - in the areas of services and related production – beside the creation of 15 new employment opportunities on the middle term – another 30-50 new employment opportunities will be created.

- The following table indicates numerical data on the income multiplicator:

<table>
<thead>
<tr>
<th>Year</th>
<th>Incomes of the project (EURO)</th>
<th>Related touristic incomes in the region</th>
<th>Income multiplication on other sectors</th>
<th>Additional income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Touristic</td>
</tr>
<tr>
<td>2003</td>
<td>75000</td>
<td>300000</td>
<td>600000</td>
<td>210000</td>
</tr>
<tr>
<td>2004</td>
<td>350000</td>
<td>1400000</td>
<td>2400000</td>
<td>980000</td>
</tr>
<tr>
<td>2005</td>
<td>475200</td>
<td>1900800</td>
<td>3801600</td>
<td>1330000</td>
</tr>
<tr>
<td>2006</td>
<td>509575</td>
<td>2038300</td>
<td>4076600</td>
<td>1420000</td>
</tr>
<tr>
<td>2007</td>
<td>576300</td>
<td>2305200</td>
<td>4610400</td>
<td>1613000</td>
</tr>
<tr>
<td>2008</td>
<td>627000</td>
<td>2508000</td>
<td>5016000</td>
<td>1755000</td>
</tr>
<tr>
<td>2009</td>
<td>655500</td>
<td>2622000</td>
<td>5244000</td>
<td>1835000</td>
</tr>
<tr>
<td>2010</td>
<td>689700</td>
<td>2758800</td>
<td>5517600</td>
<td>1931000</td>
</tr>
<tr>
<td>2011</td>
<td>743850</td>
<td>2975400</td>
<td>5950800</td>
<td>2082000</td>
</tr>
<tr>
<td>2012</td>
<td>843600</td>
<td>3374400</td>
<td>6748800</td>
<td>2362000</td>
</tr>
</tbody>
</table>

- During the estimation of related incomes sourcing from tourism, we acknowledged the fact that most visitors are paying a one-day visit and only a smaller share – that we expect to increase – stays longer and utilizes more tourism services (food, gift, accommodation). (therefore 4 is used as average multiplier)

- In the estimation of income multiplication, we used 2 as multiplier in order to calculate related income effects, appearing in other areas.

- Since the results of the project can be explained in comparison to a previous state and it did not start form 0, about 65-70% of the calculated gross numbers can be interpreted as a surplus income according to our estimations.

- While estimating incomes, expected inflation trends, vertical integration apparent in the economy, expanding supply and increasing general demand were all taken into account, beside the effects of the increasing competition in tourism.
The special characteristics of the Aggtelek National Park Directorate as independent budgetary organ makes it difficult to estimate the exact economic calculation. The registration and the accounting of its costs and incomes are cash-flow based. The NP Directorate is a non-profit organisation, whose main task is the management of the protected natural resources with special regard to their preservation and presentation. Its activities should not generate profit, the income resulting from the provided services should be used for the management of the National Park. The incomes should be committed for the operation and new investments of the NP, if not, the amount of free resources (which have not been committed) should go back to the central budget, which is not in the interest of the National park. The NP Directorate will use the incomes generated by the project to cover the costs of the listed investments under preparation.

### PLANNED INVESTMENTS OF THE AGGTELEK NATIONAL PARK

<table>
<thead>
<tr>
<th>Project title / year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jósvafő Tengerszem Hotel and Educational Centre Phase II.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Kitchen and restaurant reconstruction)</td>
<td>295</td>
<td>300</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>595</td>
</tr>
<tr>
<td>Wastewater treatment and canalisation in Jósva-valley</td>
<td></td>
<td></td>
<td>105</td>
<td>425</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>530</td>
</tr>
<tr>
<td>Reconstruction of the building at the exit of Jósvafő cave</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Hotel and camping reconstruction at Aggtelek</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>475</td>
<td>475</td>
</tr>
<tr>
<td>Reconstruction works of the Tengerszem Hotel and Educational</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>390</td>
</tr>
<tr>
<td>Centre</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>390</td>
</tr>
<tr>
<td>Reconstruction of the researchers’ accommodation facilities at</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>390</td>
</tr>
<tr>
<td>Aggtelek</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>390</td>
</tr>
<tr>
<td>Reconstruction of the visitor’s centre</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Reconstruction of the long tour route at Aggtelek</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>590</td>
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<td></td>
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<td></td>
<td></td>
<td>690</td>
<td>4445</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>295</td>
<td>405</td>
<td>425</td>
<td>575</td>
<td>500</td>
<td>520</td>
<td>545</td>
<td>590</td>
<td>690</td>
<td>4445</td>
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</table>