STANDARD SUMMARY PROJECT FICHE

1. Basic Information

1.1 Désirée Number: SR0113.03
1.2 Title: Business Incubator in the city of Malacky
1.3 Sector: Phare CBC Slovakia-Austria
1.4 Location: Bratislava region, district of Malacky, city of Malacky

2. Objectives

2.1 Overall Objective(s):
- Reduction of the unemployment in the district of Malacky
- Increase of the number and sustainability of small and medium enterprises in the Malacky district

2.2 Project purpose:
Favourable conditions for the start up and development of small and medium size enterprises in the city of Malacky created

2.3 Accession Partnership and NPAA priority

The project is in line with the AP medium-term priority to promote competitiveness of the private sector, including SMEs.

The project is in line with the NPAA 2000 priorities set in the chapter 3.4.6 dealing with the small and medium enterprises.

2.4 Contribution to National Development Plan

The proposed project is in accordance with the National Plan of Regional Development of the Slovak Republic (NDP) adopted by the Government Decree 240/2001.

The project is in line with the Regional operational programme for the Bratislava region and the Sectoral operational programme Industry.

The project corresponds to the priority P1 – Cross-border economic co-operation of the JPD (Joint Programming Document) for Slovak-Austrian border region, the measures M2 – Co-operation of SME and advisory in border regions and M4 – Strengthening of the economic development.

2.5 Cross Border Impact

The on-line connection of the incubator with relevant partners from Austria border region and the incubator with its “gateway” function will contribute to the institutionalisation of the relationship between Slovak and Austrian businesses on a local and micro-regional level. The incubator as a joint service centre will also
contribute to enhance the co-operation of small Austrian suppliers from the region of Marchland with the companies which will operate in the proposed industrial park.

3. Description

3.1 Background and justification:

The proposed project is located in the Malacky district of the Bratislava Region. The city of Malacky is considered to be a natural centre of the region of Zahorie. This region has an intensive co-operation with the Austrian and Czech border regions. The city of Malacky is located close to the highway linking the Slovak capital Bratislava with the Czech capital Prague and the city of Brno in Southern Moravia, well known for the organisation of business activities and fairs.

The city of Malacky has a population of 18,000, the district of Malacky 62,000. In the district some 4,000 entrepreneurs plus 680 companies are registered. The unemployment rate is around 18%. The area of Malacky has become a target for an investment from large international companies (Volkswagen, Pepsi-Cola Int., Swedwood /an IKEA supplier/, Tower Automotive, etc.). The establishment of an industrial park “Záhorie” in the vicinity of Malacky is planned and will be supported by the Slovak Government in line with its Decree No. 1039/2000.

There are four main reasons for the establishment of the business incubator in the city of Malacky:

- the unemployment rate of 18% in the district of Malacky is more than double of that in the Bratislava region
- the concentration of the ltd. companies per 1,000 inhabitants in the Malacky district (7,2) is the lowest in the Bratislava region (Bratislava region 30,84)
- the concentration of tradesmen per 1,000 inhabitants in the Malacky district (59,23) is the lowest in the Bratislava region (89,05)
- the number of newly established companies is lower than the number of faded companies.

The land-use plan of the city of Malacky prepared in 1999 and approved by the municipal parliament foresees the establishment of a business incubator. The incubator should be of a classic type offering to the start-up companies office space (partially furnished and equipped) and common services that improve their survival chances in the critical primary phase of their entering into the market. It is foreseen that an incubator company should leave the incubator after the period of 2-3 years.

The incubator will help entrepreneurs to start-up their businesses and provide them with all necessary services. It will also serve as “gateway” for small and medium entrepreneurs coming from the nearby region of Austria (partner regions Weinviertel and Marchland) and seeking for the partnerships or joint ventures. It can also serve as a joint administrative and service centre for the companies, which will operate within the above-mentioned industrial park.
The incubator will support especially companies from following areas: microelectronics, software, precise mechanics, medical machinery, etc. A part of the incubator will support the development of regional business (all areas) with the emphasis on “green technologies”.

Following services will be offered by the incubator:
Services covered by the rent – office space, communication infrastructure, parking, conference room, secretarial support (excluding copying), business advisory, library, security.
Paying services – telecommunication, accounting, legal services, financial advisory, insurance, know-how transfer, promotion and marketing, etc.

The city of Malacky owns a structure in the centre of the city, originally foreseen for administrative and business purposes. This building was identified as the most suitable place to build the business incubator. The area of the existing building is 2.400 m². The existing building is currently not fulfilling the standard for a business incubator. After the completion, the incubator should offer some 4.100 m² of useful space out of which 2.600 m² are foreseen for office space in 85 rooms. Fifteen of them will serve the business incubator common services and administration. Up to 70 rooms will offered to the incubator companies.

It is foreseen, in addition to the expectations described above, that the incubator should directly create about 250 jobs. The incubator as a joint service centre will help the small businesses in their start-up by minimising their overhead costs.

3.2 Linked activities:

Phare CBC 1997 – Intensification of the WWTP (Wastewater treatment plant) in the city of Malacky


Phare 1999 – Support to export and foreign direct investment, recipient institution Ministry of Economy

Government support to the planned establishment of the industrial zone “Záhorie”

3.3 Results:
Business incubator completed and ready to accommodate start up SME

Staff of the business incubator trained

The business incubator will be completed and ready to accommodate up to 30 start-up SME. The staff of the business incubator will be trained to ensure effective management of the business incubator and provide quality service to the incubator companies. This includes also the public awareness on the possibilities offered by the incubator. At the end up to 250 new or secured jobs will be created (part of them in the planned industrial zone area).
3.4 Activities:

To achieve the results following activities are foreseen within the project:

1. Building of the business incubator
2. Furnishing and equipment of the administrative and common services part of the business incubator
3. Training of the business incubator staff and promotion of the incubator

1. Building of the business incubator

The technical condition of the existing building is not appropriate to fulfil the function of a modern business incubator. In order to offer to the future incubator companies adequate space and services the building of the business incubator will be completed. The existing building will be built up and refurbished to offer up to 2,600 m² of office space in 85 rooms including a conference room. The total useful space of the incubator is 4,100 m². The incubator will be equipped with elements of an “intelligent” building.

Construction works – masonry 1,094 MEUR
Water and waste water system 0,100 MEUR
Electrical installations 0,120 MEUR
Access road and parking 0,036 MEUR
IT pre-installation, information and monitoring system 0,350 MEUR
Ventilation and air-condition 0,240 MEUR
Heating 0,205 MEUR
Total 2,145 MEUR

Means: Works for a total value of 2.145 MEUR, out of which 1.6 MEUR are foreseen for Phare financing. National co-financing up to 0.545 MEUR is foreseen mainly for construction works - masonry (the co-financing in kind – the existing building and the ground), water and waste water system, electrical installations and access road and parking.

2. Furnishing and equipment of the administrative and common services part of the business incubator

Furnishing and equipment of the administrative part of the incubators as well as incubator space reserved for common services is foreseen to make the incubator fully operational.

Means: Supply of equipment for a total value of 55,000 EUR is foreseen for national co-financing.

3. Training of the business incubator staff and promotion of the incubator

The permanent staff of the incubator will be trained so that it can provide qualified assistance and advise to the incubator companies. The training will focus especially on project cycle management, possibilities and requirements of
different support programmes, legal environment in Slovakia and partner institution in the region and district. The rules and guidance for the operation of the incubator will be reviewed with the aim to optimise the incubator performance. This will include also the advise on contracts with the future incubator companies. A part of this activity will be also an active public awareness campaign and networking with relevant partners from both sides of the border. This will include the distribution of relevant information to the partners on both sides of the border like Business and Industry chamber, NADSME and National Labour Office, Management of the planned Industrial Zone on the Slovak side and Chamber of Commerce and other relevant partners on Austrian side.

One senior international expert and two local senior experts having the relevant experience in start-up of incubators, training of the management and staff of the incubator, preparation of the promotion campaign and networking on return basis will support the activities of the municipality.

<table>
<thead>
<tr>
<th></th>
<th>EU senior expert (120 m/d)</th>
<th>Slovak senior experts (120 m/d each)</th>
<th>Public awareness campaign/network</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.120 MEUR</td>
<td>0.048 MEUR</td>
<td>0.032 MEUR</td>
<td>0.200 MEUR</td>
</tr>
</tbody>
</table>

Means: Technical Assistance for a total value of 0.2 MEUR is foreseen for Phare financing.

4. Institutional Framework

The recipient institution is the Ministry of Construction and Regional Development, The beneficiary is the city of Malacky which will also become the owner of the assets and will be responsible for its operation. Partner institutions are Chamber of Commerce (Slovak and Austrian), Tradesmen Chamber (Slovak and Austrian), NADSME, National Labour Office and the Foundation of the Scientific and Industrial Park Záhorie.

5. Detailed Budget

<table>
<thead>
<tr>
<th>MEUR</th>
<th>Phare Support</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment Support</td>
</tr>
<tr>
<td>1. Building of incubator</td>
<td>1.60</td>
</tr>
<tr>
<td>2. Furnishing/equipment</td>
<td></td>
</tr>
<tr>
<td>3. Training/promotion</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1.60</td>
</tr>
</tbody>
</table>

The national co-financing for a value up to 0.6 MEUR (25% of total project costs and 37.5% of the investment costs) will be secured from the municipality budget (0.28 MEUR out of this will be in kind co-financing - existing buildings and ground) and from the state budget for 2002. The state budget foresees co-financing of the investment projects co-financed by Phare in compliance with the Government Decree 135/2001.
6. Implementation Arrangements

6.1 Implementing Agency

**Implementing Agency for Regional Development**
Ministry of Construction and Regional Development of SR
Špitálska 8
816 44 Bratislava
Contact: Mr. Július Slovák
Tel: +421 7 5975 3819
Fax: + 421 7 5975 3833

Implementing authority:
Department of the Programmes of Regional Projects and Co-ordination of the Structural Funds, CBC Unit
Ministry of Construction and Regional Development of SR
Špitálska 8
816 44 Bratislava
Contact: Róbert Šramko

For the technical implementation
City of Malacky
Mr. Karol Oreský
Department of space development

6.2 Twinning: not applicable

6.3 Non-standard aspects
The Practical guide to Phare, ISPA and SAPARD contract procedures will be strictly followed.

6.4 Contracts
2 contracts are foreseen - 1 works (1.6 MEUR) and 1 TA contract (0.2 MEUR).

7. Implementation Schedule

7.1 Start of tendering/call for proposals
1.Q 2002

7.2 Start of project activity
2.Q 2002

7.3 Project Completion
4.Q 2003

8. Equal Opportunity

The municipality will ensure equal participation of women and men by selecting the staff of the business incubator. The guidance for the operation of the business incubator will be prepared respecting the equal opportunities principle.
9. **Environment**  
The environmental screening was executed before the land-use decision and building permit for the existing building was issued. The activities foreseen within the business incubator are environmentally friendly (this principle will form also a part of the incubator guidance).

The incubator will be connected to the existing utilities which have sufficient capacity and are in line with the EU standards.

10. **Rates of return**  
Financial rate of return is in 2027 (after 25 years of the operation of the incubator) negative -2%.

Economic internal rate of return in 2027 is positive 23%.

11. **Investment criteria**

11.1 **Catalytic effect:**

This project will contribute to complement the limited financial resources of the relevant municipality. Without the Phare financial support, the construction of the incubator would be delayed by at least 3 years.

11.2 **Co-financing:**

The national co-financing for a total value of 0,6 MEUR is 25% of the project costs and 37,5% of the total investment costs. The national co-financing is composed of the municipal sources (co-financing in kind and municipal budget) and the state budget.

11.3 **Additionality:**

The low financial rate of return indicates that the project is not possible to finance from commercial loans or private funds.

11.4 **Project readiness and Size:**

The overall project size is in line with Phare requirements. The tender documentation will be prepared by the end of 1st quarter 2002.

11.5 **Sustainability:**

The fees and prices to be paid by the incubator companies, companies providing paid service, etc will cover the operational and maintenance costs of the business incubator.
11.6 Compliance with state aids provisions

The investment respects the state aid provisions of Slovak Law 231/99 on State Aid and to the Europe Agreement.

11.7 Contribution to National Development Plan
The project contributes to the achievement of the objectives of the Sector Operational Programme “Industry” of the NDP approved by the Government Decree 240/2001.

12. Conditionality and sequencing

The tender for the investment component of the project will be issued by the end of the 1st quarter 2002.

The guidelines for business incubator should be ready and approved by the municipal parliament by September 2002.

The staff of the incubator will be selected in spring 2003 and trained in following 6-7 months (TA, other institutions).

The first incubator companies are expected to move in the incubator by the end of 2003.

Annexes
1. Logframe matrix
2. Cumulative contracting and disbursement schedule
3. Indicative Implementation Chart
## LOGFRAME PLANNING MATRIX

<table>
<thead>
<tr>
<th>Business incubator Malacky</th>
<th>Programme number: SR0113.03</th>
<th>Date of drafting: June 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Contracting period expires: 30.11.2003</td>
<td>Disbursement period expires: 30.11.2004</td>
</tr>
<tr>
<td></td>
<td>Total Budget: 2.4 MEUR</td>
<td>PHARE contribution: 1.8 MEUR</td>
</tr>
</tbody>
</table>

### Overall Objectives

<table>
<thead>
<tr>
<th>Objective Verifiable Indicators</th>
<th>Source of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction of unemployment in the district of Malacky</td>
<td>Annual National Labour office record</td>
</tr>
<tr>
<td>Increase of the number and sustainability of SME in the Malacky district</td>
<td>Business register</td>
</tr>
<tr>
<td>Unemployment rate reduced at the end of the project</td>
<td>Record of Chamber of Commerce</td>
</tr>
<tr>
<td>Number of SME’s in the district increased</td>
<td></td>
</tr>
<tr>
<td>Number of faded SME decreased</td>
<td></td>
</tr>
</tbody>
</table>

### Project Purpose

<table>
<thead>
<tr>
<th>Objective Verifiable Indicators</th>
<th>Source of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation of favourable conditions for the start-up and development of SME in the city of Malacky</td>
<td>Business register</td>
<td>Favourable and stable conditions for the development of SME’s (financial and legislative)</td>
</tr>
<tr>
<td>Up to 250 new or secured jobs in 2005</td>
<td>Incubator records</td>
<td></td>
</tr>
<tr>
<td>Up to 30 incubator companies positioned in the incubator by 2005</td>
<td>National labour office records</td>
<td>Construction of Industrial zone &quot;Záhorie&quot;</td>
</tr>
</tbody>
</table>

### Results

<table>
<thead>
<tr>
<th>Objective Verifiable Indicators</th>
<th>Source of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business incubator completed and ready to accommodate start-up SME</td>
<td>Records of the municipality</td>
<td>Loan support schemes for SME available</td>
</tr>
<tr>
<td>Staff of the business incubator trained</td>
<td>Records from the Business incubator</td>
<td>Promotion campaign for Industrial zone &quot;Záhorie&quot; ongoing</td>
</tr>
<tr>
<td>4.100 m2 of useful space of the incubator</td>
<td></td>
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<tr>
<td>2.600 m2 office space within in the incubator</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business incubator guidelines approved by the municipality</td>
<td></td>
<td></td>
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<tr>
<td>7 employees trained</td>
<td></td>
<td></td>
</tr>
<tr>
<td>networking with Slovak and Austrian partner established</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activities</td>
<td>Means</td>
<td>Cost</td>
</tr>
<tr>
<td>-----------------------------------------------------</td>
<td>--------------------------------</td>
<td>---------</td>
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<tr>
<td>1. Building of the business incubator</td>
<td>Works</td>
<td>2.15 MEUR</td>
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<td>2. Furnishing and equipment of the administrative and common services space of the business incubator</td>
<td>Supply of equipment</td>
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<tr>
<td>3. Training of the business incubator staff and promotion of the incubator</td>
<td>Technical assistance</td>
<td>0.20 MEUR</td>
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Preconditions
CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE (MEUR)

<table>
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<tr>
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<td>1.8</td>
<td>1.3</td>
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## Indicative Time Implementation Chart

<table>
<thead>
<tr>
<th>Activity</th>
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<th></th>
<th>2004</th>
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<td>F</td>
<td>M</td>
<td>A</td>
<td>M</td>
<td>J</td>
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<tr>
<td>Activity 1</td>
<td>X X</td>
<td>X X</td>
<td>X X</td>
<td>X X</td>
<td>X X</td>
<td>X X</td>
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<tr>
<td>Activity 2</td>
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<tr>
<td>Activity 3</td>
<td>X</td>
<td>X X</td>
<td>X X</td>
<td>X X</td>
<td>X X</td>
<td>X</td>
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Annex 3