STANDARD SUMMARY PROJECT FICHE

1. Basic information

1.1 Désirée nr.: SR0107.05
1.2 Title: Construction of the Industrial Park in the City of Rožňava
1.3 Sector: Economic and Social Cohesion
1.4 Location: Slovakia, NUTS II Priority Region Slovakia – East, NUTS III Košice Region, Rožňava District, City of Rožňava

2. Objectives

2.1 Overall Objective(s):

- Reduce unemployment in the District of Rožňava through development SMEs
- Increase productivity of SMEs producers and service providers

2.2 Project Purpose:

Creation of favourable conditions to encourage private foreign and domestic capital inflow into the Rožňava District.

2.3 Accession Partnership and NPAA priorities:

AP – medium term priority - “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 the National Development Plan:

The proposed project is in accordance with the National Plan of Regional Development of the Slovak Republic adopted by the SR Government Decree 240/2001. The location of the proposed project is in the NUTS II region Slovakia – East.

The project contributes to the achievement of the global objective – ”Development of production and services based on the utilisation of domestic resources” and the specific goal – ”Building and development of industrial parks”.

The project offers solution for the economic development of Rožňava area, enhancement of job opportunities, improvement of the industrial activities and possibilities aimed at obtaining domestic and foreign investment.

Proposed project is in line with the Sector Operational Program – Industry, part: Building and development of industrial parks. It is also in line with the Regional Operational Program of the region Slovakia East.
2.5 Cross Border Impact

This project will contribute to expand cross-border co-operation in the business sector. Close co-operation with the Industrial Park situated in Salgótarján Hungary, partner city of Rožňava, is foreseen and confirmed by a Declaration of the concerned cities.

3. Description

3.1 Background and justification

The project is in line with the provisions of the Draft Act on Support to Industrial Parks approved by the Decree of SR Government No. 179/2001.

The “1999-2002 Development Concept” of The City of Rožňava specifies priorities for the economic development of the area:
- ensure optimal management of the city’s property,
- support entrepreneurs activities in the Rožňava area,
- reduce unemployment by utilisation of all possibilities aimed at obtaining domestic and foreign investment,
- investment construction – construction of business related infrastructure,
- regional development and foreign co-operation - establish business contacts, deepen co-operation with existing partner’s cities

The “Rožňavská Baňa - Nadabula locality” – future Industrial Park is located in the NUTS II Region Slovakia East, the Košice Region, the District Rožňava, the City of Rožňava.

The Košice region has a population of approx. 770.000 inhabitants and a surface of 6 753 km². It is situated in the south-east part of Slovakia and borders with Ukraine and Hungary.

Industrial production is concentrated in the area of mining industry, black and coloured metallurgy, soft and heavy machinery, chemistry, electromechanics, pharmacy, textile, glass, energy, wood processing and building. The region has a well-developed agriculture and food industry. Industrial production is mainly concentrated also in the cities of Košice, Michalovce, Trebišov, Rožňava and Spišská Nová Ves.

The District Rožňava (65.000 inhabitants) is situated in the south-east part of Slovakia in a region bordering with Hungary and has a surface of 1 173 km².

The City of Rožňava is located in the Rožňava basin, Slaná river valley, between the Slovenské Rudohorie mountains and the plains of the Slovenský kras. The City of Rožňava and its neighbouring villages are known as the Gemer region.

Presently Rožňava has approx. 20.000 inhabitants. It is the administrative centre of the district as well as the centre of services and trade of the tourism region Protected landscape area (CHKO) Slovenský Kras. The City has a rich and famous tradition in mining, handicraft and system of education, it is an administrative and cultural centre of the area known as Gemer region. All its history is linked to gold, silver and copper mining. Changes in structure of the economy, mainly the decline of the mining and
processing industry had an impact on the Rožňava region and the city of Rožňava. The present unemployment rate exceeds 30%. Support to entrepreneurs’ development is an effective way to revive the economy and resolve the situation of high unemployment.

The present high unemployment is caused by collapse of previously state-owned companies in the area, for example: Zeleznorudne bane (iron mine), Agrostroj (machinery works), Pozemne stavby (construction works), Geologický prieskum (geological research company), Tatrasvit (textile). Newly established private companies are: Shieser (textile), Gemtext (textile), Granum (bakery), Abov inn (meat production), Gemgal (poultry). The main state company still operating in the district is the Stg Slovtransgas (transport of gas).

The “Rožňavská Baňa – Nadabula” locality – future Industrial Park – forms a part of Rožňava’s industrial zone. Good entrance to the locality is provided by the main road No. E 50 – the entrance communication is already built. A railroad connection directly to the Rožňavská Baňa locality also exists. All basic utilities are already built. The area of the future Industrial Park of 28,17 ha (Rožňavská Baňa 17,73 ha; Nadabula 10,44 ha) is currently not utilised and existing industrial facilities are deteriorating due to the decline of the traditional mining industry.

The construction of the Industrial Park in the City of Rožňava will utilise the existing but presently not used potential of the Rožňavská Baňa – Nadabula locality and create favourable conditions for development of SME business activities and of private investors. The existing local sources of ore and wood create favourable conditions particularly for foreign and domestic investors in the field of ore processing and wood processing industry. The Industrial Park will also create favourable conditions for investors forming a part of the production chain of the international companies operating in the Košice region (SCA, US Steel etc.). The realisation of the project will contribute to the reduction of unemployment in the Rožňava district and its overall economic development.

3.2 Linked activities

Various complementary projects financed in the frame of the 1998, 1999 and 2000 Phare National Programmes

  This project will be linked to the proposed project "Industrial park Rožňava" by cooperation of SMEs located in the incubator and private investors established within the Industrial park. The advisory and other consulting services will be provided by the incubator's staff (training, business planning, etc.)

In 1998 – 2000 The City of Rožňava has obtained the following grants:
- Construction of a gymnasium / Ministry of Finance SR - 14.9 mil. SKK
- Waste Water treatment plant / State Environmental Fund - 4.0 mil. SKK
3.3 Results

- Infrastructure (accessibility, communication, energy, water, gas supply system, etc.) prepared for attracting private investment in the “Rožňava Baňa – Nadabula” locality.

The Industrial Park will provide complex technical infrastructure for new users and will create conditions for investment. The area will offer favourable conditions to investors interested to build-up industrial production and services oriented to textile, wood processing, sanitary products, processing industry and steel manufacturing. It is envisaged that up to 1,000 new jobs could be created. This will contribute to the reduction of unemployment in the District of Rožňava.

3.4 Activities

These results will be achieved by the completion of the following activities:
1. Site preparation
2. Construction and completion of transport infrastructure
3. Construction of the utilities and communication systems
4. Building of waste water collection system

Activity 1 – Site preparation
Before the construction activities will start the site of the future industrial park has to be prepared and fenced. A metal fence 2.2 m high will be built. After the completion of the construction activities the area has to be landscaped.

Construction of fence (1,930 m) 0,100 MEUR
Ground works 44.900 m³ 0,390 MEUR
Landscaping 487 trees, 222 bushes, 27.415 m² 0,050 MEUR

Means: Works for a total value of 0,540 MEUR, out of which Phare will finance 0,100 MEUR. National co-financing up to 0,440 MEUR is foreseen for ground works and landscaping.

Activity 2 – Construction and completion of transport infrastructure
The Industrial Park should be well accessible and the movement of persons/vehicles inside the industrial park should be safe. For this purpose the access road, distribution roads in the Industrial Park, car parking in the area and outside the area and sidewalks will be built. The parking lots will serve for some 110 trucks (3+5,5m x 2,5m) and 400 cars (5,5m x 2,5 m) inside the area and some 50 trucks (3+5,5m x 2,5m) outside the area. The railway connection to the Industrial Park will be completed.

Access road, 173 m long, 8 m wide 0,060 MEUR
Distribution roads, 1.390m x 7,2m, 1.116m x 3m, 2.450m x 6m 1,110 MEUR
Parking 9.033 m² 0,280 MEUR
Sidewalks 4.984 m² 0,070 MEUR
Railway connection, bottom 200 m, shield 364 m 0,160 MEUR

Means: Works for a total value of 1,680 MEUR, out of which Phare will finance 1,340 MEUR. National co-financing up to 0,340 MEUR is foreseen for the construction of the access road and car parking.
Activity 3 - Construction of the utilities and communication systems
In order to prepare the area of the Industrial Park for the productive activities of the future investors the connection to the main supply systems (water, gas, electricity) and communication network (data, telephone) have to be completed/reconstructed.

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drinking water supply to the area, DN 200, 236 m</td>
<td>0,040 MEUR</td>
</tr>
<tr>
<td>Drinking water distribution system, DN 100, 2,316 m</td>
<td>0,260 MEUR</td>
</tr>
<tr>
<td>Utility water supply to the area, DN 200, 190 m</td>
<td>0,030 MEUR</td>
</tr>
<tr>
<td>Utility water distribution system, DN 100, 1,920 m</td>
<td>0,240 MEUR</td>
</tr>
<tr>
<td>High voltage (HV) network, 3,780 m</td>
<td>0,080 MEUR</td>
</tr>
<tr>
<td>Communication network (data, telephone), underground, 4,100 m</td>
<td>0,120 MEUR</td>
</tr>
<tr>
<td>Public lighting, 81/162 pieces, 3,988 m of cables</td>
<td>0,080 MEUR</td>
</tr>
</tbody>
</table>

Means: Works for a total value of 0,850 MEUR are foreseen for national financing.

Activity 4 - Building of waste water collection system
The wastewater and the storm water from the Industrial Park will be collected by the sewerage system. The Industrial Park sewerage will be connected to the City Waste Water Treatment Plant (WWTP), which has free capacity and is working in line with the Slovak and EU legislation requirements. The pipe from the Industrial Park to the City WWTP will be constructed from the Industrial Park line under the Slana river.

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sewerage system (wastewater, storm water), DN 400, 3,960 m</td>
<td>0,570 MEUR</td>
</tr>
<tr>
<td>Main sewer to the Industrial Park line, DN 400, 456 m</td>
<td>0,070 MEUR</td>
</tr>
<tr>
<td>Pipeline from Industrial Park line to the Slana river, DN 400, 750 m</td>
<td>0,110 MEUR</td>
</tr>
<tr>
<td>Pipeline under the Slana rive, DN 500, 60 m</td>
<td>0,020 MEUR</td>
</tr>
<tr>
<td>Pipeline from the river to the City WWTP, DN 400, 520 m</td>
<td>0,090 MEUR</td>
</tr>
<tr>
<td>Reconstruction of the storm water sewerage, DN 600, 912 m</td>
<td>0,100 MEUR</td>
</tr>
</tbody>
</table>

Means: Works for a total value of 0,960 MEUR are foreseen for Phare financing.

4. Institutional framework

The city of Rožňava will become the sole owner of the premises after project completion.

The municipality of Rožňava as owner of the premises will manage the Industrial Park charging users in order to enable the maintenance and replacement of the fixed assets in accordance with a sustainable functioning of the Industrial Park. The operating organisation: "Prvá Rožňavská akciová spoločnosť "(100% owned by municipality of Rožňava) will provide all necessary services and maintenance (assumed number of staff directly for industrial park - 5).

An ad-hoc steering committee will be established to monitor the project implementation. It will include representatives from the Rožňava municipality, Ministry of Construction and Regional Development of the SR and Ministry of Economy of the SR.

The project is submitted by the City of Rožňava.

Co-operating organisations:
The District Office of Rožňava
The Šalgotarján Industrial Park, Hungary
The Association of Entrepreneurs of Slovakia, Regional office
5. Detailed Budget (in MEUR)

<table>
<thead>
<tr>
<th>Project activity</th>
<th>Phare Support</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment</td>
</tr>
<tr>
<td>1. Site preparation</td>
<td>0.1</td>
</tr>
<tr>
<td>2. Transport infrastructure</td>
<td>1.34</td>
</tr>
<tr>
<td>3. Distribution and communication system</td>
<td>-</td>
</tr>
<tr>
<td>4. Waste water collection system</td>
<td>0.96</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2.4</td>
</tr>
<tr>
<td>In %</td>
<td>60</td>
</tr>
</tbody>
</table>

The municipality of Rožňava and the state budget will ensure provide this the co-financing. The state budget for 2002 foresees co-financing of the investment projects co-financed by Phare in compliance with the Government Decree 135/2001. The co-financing from state budget will cover 20% of the total investment costs (0.8 MEUR). The municipality will cover the remaining 20% of the project costs (0.8 MEUR).

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

**For technical implementation**

City of Rožňava
Ing. František Kardoš, Mayor
Šafárikova 29
048 12 Rožňava
Tel: +421 942 7323507
Fax: +421 942 7881281

6.2 Twinning: not applicable

6.3 Non – standard aspects: all activities will be procured according to the DIS manual

6.4 Contracts: 1 Works contract for all project activities

7. Implementation schedule

7.1 Start of tendering / call for proposals: 1st quarter 2002
7.2 Start of project activities: 2nd quarter 2002
7.3 Project completion: 4th quarter 2003

8. Equal opportunity

Newly created jobs will also offer opportunity for employing women. Participation of women will be measured by the Annual National Labour office record and Record of Region Humenné.
9. Environment

The project is in line with the National Environmental Action Plan.

The current Slovak legislation (ACT 391/00 amending the ACT 127/94) requires a declaratory statement of the environmental aspects of the project to be submitted to the Ministry of Environment. The Ministry then assesses the project on the basis of the information contained in this declaration and determines whether a full environmental impact assessment is required. An application for such a declaratory statement has been submitted to the Ministry in January of this year.

The environmental impact appraisal has been prepared for the Declaratory procedure and submitted to the Ministry of Environment in the first quarter of 2001.

Major environmental effects.
The project is situated in existing industrial zone of The City of Rožňava. The project will not require purchase of additional land. The project realisation will not be the source of extraordinary air contamination, surface and underground waters contamination, noise and vibration, radiation, heat and odour and it will be without negative impacts on public health.
No risks linked to project realisation related to environment are expected and the project will not negatively influence protected nature areas.

Expected consequential investment – the construction of operating places for new enterprises will need energy and water, will produce waste water and waste without negative influences on the public health.

Measures for mitigation of possible negative influences – the installation of environmentally friendly technologies will be promoted, operator will take care of respecting technological procedures and valid legislation for waste management, public health, protection of the living conditions, water utilisation and protection, air protection, environmental security and suitability of the buildings, land protection and utilisation.

10. Rates of return

The pre-feasibility study is completed and forms the Annex 4.
Main results of the Cost-benefit and financial analysis:

IRR: 9.99%
NPV: 0.111 MEUR

B/C ratio: The calculation of the cost-benefit ratio is based on comparing the cash-flows of generated rents of current area situation versus new Industrial Park business plan. B/C ratio is more than 1 taking into account the economic benefits created by the employment.

11. Investment criteria

11.1 Catalytic effect:
The project is an important part of the regional development strategy of the district contributing to the business development with a particular emphasis on the industrial sector and a decrease of the unemployment rate in the region. The project also contributes to the development of economic activities, which create long term job
opportunities in the district Rožňava and maximises multiplier effects, using existing resources within the District Rožňava. Without Phare support, the municipality would not be able to complete this project within the next 5 years.

11.2 Co-financing:
Next to the provision of land for the Industrial Park, national co-financing will provide 40% of total project cost.

11.3 Additionality:
The grant does not displace private investment.

11.4 Project readiness and size:
The overall project size is over 2 MEUR (including the co-financing). An application for land use decision is already submitted. The application for Declaratory procedure of the environmental impact assessment (EIA) is submitted as well. The activities will start after the building permissions have been issued by the relevant Slovak authorities (by the end of 3.Q.2001) and a public procurement procedure is completed. Project documentation will be prepared by the end of the 3.Q.2001.

11.5 Sustainability:
The water management will be in line with the EU and Slovak standards. Measures for mitigation of possible negative influences on environment will be ensured by installation of environmentally friendly technologies. The operator will take care of respecting technological procedures and valid legislation in the field of environment, waste economy, public health, inhabitants and living conditions protection, in the field of territorial development, water utilisation and protection, air protection, environmental security and buildings suitability, land protection and utilisation. The development of a business related infrastructure in the Rožňava district is a necessary step towards the development of economic activities which will create long term, secure jobs in the Rožňava district, maximise multiplier effects and utilise existing resources within the district. The municipality of Rožňava as owner of the premises will manage the Industrial Park charging users in order to enable the maintenance and replacement of the fixed assets in accordance with a sustainable functioning of the Industrial Park. The operating organisation: Prvá Rožňavská akciová spoločnosť, (100% owned by municipality of Rožňava) will provide all necessary services and maintenance (assumed number of staff directly for industrial park - 5).

11.6 Compliance with State Aid provisions:
The proposed action and the rate of grant are in line with Act 231/99 on State Aid.

11.7 Contribution to the preliminary National Development Plan
The project contributes to the achievement of the global objective – "Development of production and services based on the utilisation of domestic resources” and the specific goal - "Building and development of industrial parks” of the NDP approved by the Decree of SR Government No. 240/2001.

The realisation of the project will result in preparing favourable conditions for up to 15 SME creating or securing 1000 jobs.
12 Conditionality and sequencing

An application for a decision on land-use is already submitted. The initial standpoints from the relevant institutions are positive. An application for Declaratory procedure according the Act on EIA is submitted as well. Individual activities will start after the building permission have been issued by the relevant Slovak authorities (by end of 3.Q.2001) and tender procedures are completed. Project documentation will be prepared by the end of the 3rd quarter 2001.

Compliance with State Aid provisions legislation must be provided in writing by the relevant Slovak authority prior issuing the tender.

Project milestones:
- Installation of power supply systems  IV.Q.2002
- Construction of water supply system  IV.Q.2003
## LOGICAL FRAMEWORK PLANNING MATRIX FOR:

### Project: Construction of the Industrial Park in the City of Rožňava

<table>
<thead>
<tr>
<th>Programme number:</th>
<th>SR0107.05</th>
<th>Date of drafting: April 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracting period expires:</td>
<td>30.11.2003</td>
<td>Disbursement period expires: 30.11.2004</td>
</tr>
<tr>
<td>Total Budget:</td>
<td>4,00 MEUR</td>
<td>PHARE contribution: 2.4 MEUR</td>
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</tbody>
</table>

### Overall Objectives

- Reduce unemployment in the District Rožňava, through development SMEs,
- Increase productivity of SMEs producers and service providers.

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>reduce unemployment level</td>
<td>Statistical Year Book</td>
<td></td>
</tr>
<tr>
<td>increase added value per capita</td>
<td>Annual National Labour office record</td>
<td></td>
</tr>
<tr>
<td>geographic classification</td>
<td>Record of Region Roznava</td>
<td></td>
</tr>
</tbody>
</table>

### Project Purpose

- Creation of favourable conditions to encourage private foreign and domestic capital inflow into the Rožňava District
- 1000 new or secured jobs
- creating 15 new SMEs in region

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 new or secured jobs</td>
<td>Record of ministry of economy</td>
<td>stabilised key sector of local industry</td>
</tr>
<tr>
<td>creating 15 new SMEs in region</td>
<td>Statistical Year Book</td>
<td>condition for SME development (financial and legislative)</td>
</tr>
</tbody>
</table>

### Results

- Infrastructure (accessibility, communication, energy, water, gas supply system, etc.) prepared for attracting private investment in the “Rožňava Baňa – Nadabula” locality.
- Build up complete new infrastructure for up to 12 companies
- Increase number of investors by 5

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Build up complete new infrastructure for up to 12 companies</td>
<td>Record of Region Roznava</td>
<td>training program for human resources, incentives and accessible market</td>
</tr>
<tr>
<td>Increase number of investors by 5</td>
<td>Letter of intent</td>
<td>regional marketing ongoing</td>
</tr>
</tbody>
</table>

### Activities

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Site preparation</td>
<td>Works</td>
<td>0,51 MEUR</td>
</tr>
<tr>
<td>2. Completion of transport infrastructure</td>
<td>Works</td>
<td>1,68 MEUR</td>
</tr>
<tr>
<td>3. Construction of utilities and communication system</td>
<td>Works</td>
<td>0,85 MEUR</td>
</tr>
<tr>
<td>4. Building of waster water collection system</td>
<td>Works</td>
<td>0,96 MEUR</td>
</tr>
</tbody>
</table>

**Precondition**

Building permits issued by the end of 2001 at the latest
## ANNEX 2

### CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE (MEUR)

<table>
<thead>
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<tr>
<td>Contracted</td>
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<td>0.9</td>
<td>1.4</td>
<td>1.7</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.4</td>
</tr>
</tbody>
</table>
### TIME IMPLEMENTATION CHART

| Activity 1    |   |   |   |   |   |   |   |   |   | X | X | X | X | X |   |   |   |   |   |   |   |   | X | X |   |   |   |   |   |   |   |   |   |   |   |
| Activity 2    |   |   |   |   |   |   |   |   | X | X | X | X | X | X | X |   |   | X | X | X | X | X | X | X | X | X | X |   |   |   |   |   |   |   |   |
| Activity 3    |   |   | X | X | X | X | X |   | X | X | X | X | X | X | X |   |   |   | X | X | X | X | X | X | X | X | X |   |   |   |   |   |   |   |   |
| Activity 4    |   | X | X | X | X | X | X | X |   | X | X | X | X | X | X | X |   |   |   | X | X | X | X | X | X | X | X | X |   |   |   |   |   |   |   |   |   |