



Workshop

Implementation of the Urban Waste Water Treatment Directive in Rural Areas

Implementation strategies against the background of
the Water Framework Directive

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Costs and financing strategies for the implementation of the Urban Waste Water Treatment Directive in the Czech Republic

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Costs and financing strategies for the implementation of the Urban Waste Water Treatment Directive in the Czech Republic by Vaclav Dvorak

- Implementation of UWWTD is the most demanding in terms of financing compared to all other water-related directives
- Possibilities and sources identified in a financial strategy prepared in October 2000
- On a basis of negotiations with EU, the strategy was updated in September 2001
- The strategy takes into consideration a decision to enforce designation of the whole CR as a sensitive area
- The EU Common Position accepted the request for a transitional period until 2010 with intermediate targets

Transitional measures under Directive 91/271/EEC regarding urban waste water treatment

Category (p.e.)*	No. of agglom.	% total** p. e.	Implementation date
>10 000	18	11%	31. 12. 2002
	36	37%	31. 12. 2006
	127	35%	31. 12. 2010
2 000-10 000	552	17%	31. 12. 2010

* p. e. - population equivalent

** Percentage covered by the Directive (agglomerations over 2000 p.e.)

Total estimate of compliance costs: 98 billion CZK (2.8 bill. €), of which 34 billion CZK for wastewater treatment and 64 billion CZK for sewerage systems (billion = thousand million)

Category (p.e.)	Wastewater treatment (bill. CZK)	Sewerage systems (bill. CZK)
< 2 000	7.10	
2 000-10 000	7.18	32.98
>10 000	19.45	31.27
Total costs	33.73	64.25

Possible sources of financing

EU programmes on environmental and pre-accession activities:

- Phare CBC - Cross Border Co-operation
- ISPA - Instrument for Structural Policies for Pre-Accession
- Structural Funds (after accession)
- Cohesion Fund (after accession)

Loans by international financial institutions:

- European Investment Bank (EIB) and European Bank for Reconstruction and Development (EBRD) - loans to investors with a strong credit or with the state guarantees
- Currently a 100 mil. EUR loan granted by EIB on sewerage and drinking water supply systems for the period until 2004

Financial aid from the state budget:

- Programme of the Ministry of Agriculture on construction and reconstruction of sewerage systems and wastewater treatment plants
- Co-financing of the ISPA projects from public financial resources

State Environmental Fund:

- Support through adopted programmes with a priority for agglomerations over 2000 p. e.

Income structure of the State Environmental Fund

Sources

- Charges for:
 - wastewater discharge, releases of harmful substances into air, waste deposition
 - use of non-renewable resources (groundwater - GW, permanent removal of agricultural land from agriculture use, etc.)
 - fines and penalties for breaching the environmental legislation
- Possibly also a state subsidy, donations etc.

Financial structure for 2002 - total of 2.2 billion CZK of which:

- 0.915 billion from discharge of wastewater and abstraction of GW
- 0.600 billion CZK from air protection
- 0.450 billion CZK from soil protection
- 0.200 billion CZK from management of wastes
- 0.035 billion CZK from use of freon (chlorofluorocarbons)

Financing strategy for Urban Wastewater Treatment Directive

Combination of sources using:

- Investors resources
- Continuing support from public and other assistance financial resources such as:
 - subsidy from the state budget or from the State Environmental Fund (SEF)
 - interest-free loans from the state budget or SEF
 - subsidies to repayment of interests on investors' loans
 - ISPA or Phare CBC programmes
 - other specific international financial programmes

Estimated proportion of financing from various sources at the time of construction activities:

- Financing by investors 42%
- Support by the state (state budget, SEF) 30%
- International programmes (ISPA, Cohesion Fund, Phare, Structural Funds) 28%

Assumed support from the state and international programmes is expected to be composed in 50% by subsidies and in 50% by interest-free or soft loans

Risks:

- Restrictions in the available state financing support programmes
- Considerable amount of preparatory and construction activities (preparation, planning, implementation)

Financing in 2000:

- 4.4 billion CZK invested in total, of which:
 - 2.14 billion CZK from investors' resources
 - 2.00 billion CZK from supporting programmes
 - 0.26 billion CZK from international programmes

Estimated annual amount of financing between 2001 and 2010 for implementation of Directive 91/271/EEC

