

## KEY MESSAGES

There were considerable investments made in the environment after 1990 in terms of both their overall volume and share of the main macroeconomic indicators. In sum, they reached 4.2% of the total investments and 1.2% of the GDP between 1990 and 2007.

Most investments were made in air protection (42%), water protection (36%) and waste management (12%).

From the perspective of financial resources spent on environmental protection, the investors' own resources were the majority and exceeded 50% every year.

Within the public resources spent on environmental protection, the largest volumes were provided from local budgets (over the last ten years, their share has reached 64%), then from the state budget (25%) and the State Environmental Fund (11%).

In addition to the significant limitation of ecologically unfavourable production, vast investments and other expenditures in the environment were the main reasons for the improvement seen in the state of the Czech Republic's environment.



## REFERENCES AND OTHER INFORMATION

☉ Ministry of the Environment – <http://www.mzp.cz>

☉ CENIA, the Czech Environmental Information Agency – <http://www.cenia.cz>

☉ Czech Statistical Office – <http://www.czso.cz>

☉ Ministry of Finance – <http://www.mfcr.cz>

☉ State Environmental Fund of the Czech Republic – <http://www.sfzp.cz>

### On-line data sources and publications

☉ The Czech Republic's Public Administration Portal – <http://geoportal.cenia.cz>

☉ The Information system of statistics and reporting – <http://issar.cenia.cz>

☉ The Report on the Environment in the Czech Republic

☉ The Statistical Yearbook on the Environment in the Czech Republic



### THE ENVIRONMENT OF THE CZECH REPUBLIC

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## Investments and Expenditures



## THE ENVIRONMENT OF THE CZECH REPUBLIC



Ministry of the Environment  
of the Czech Republic



STATE ENVIRONMENTAL  
FUND OF THE  
CZECH REPUBLIC



After 1989, the poor state of the environment required the adoption of fundamental measures aiming at its improvement. Positive changes were evoked by political pressure, which showed itself especially in the newly adopted legislation that mandated strict requirements for polluters. The new legislation required significant investments in the environment and the provision of funds for implementing and operating programmes from both private and public resources.

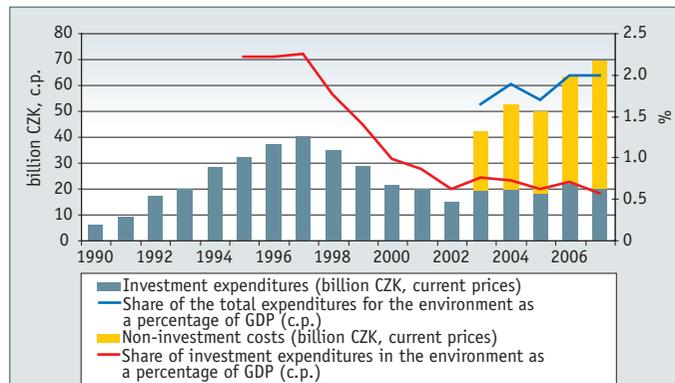
### INVESTMENTS AND NON-INVESTMENT COSTS

Investment expenditures (tangible or acquired investments) make up the overall expenditures for the environment together with non-investment (operational) costs. Those were almost 2% of GDP in 2007, i.e. on a level comparable with other EU countries.

From 1990 to 2007, CZK 411 billion was invested in environmental protection in the Czech Republic. The largest volume of the investments in environmental protection was implemented between 1995 and 1998, when the investments represented up to 8% of the total investments (compared to 1–3% in the OECD countries).

#### Investment expenditures and non-investment costs for environmental protection in the Czech Republic [billion CZK, % of GDP], 1990–2007

Source: Czech Statistical Office



As the non-investment costs have been monitored only since 2003, the time line of the total expenditures is available only from that year. The share of GDP between 1990 and 1994 is not indicated due to the data correction based on the ESA 1995 methodology performed since 1995.

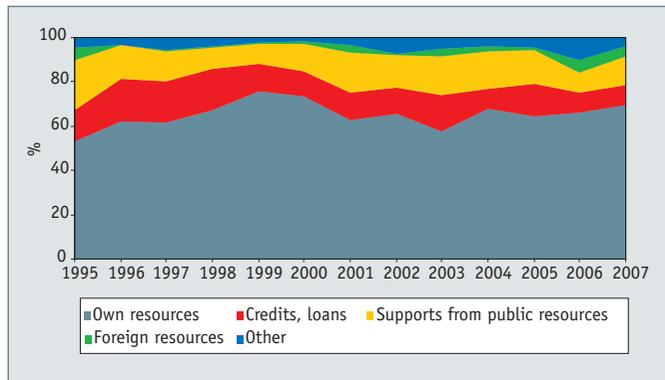
Between 1990 and 2007, the majority of investments was made in air protection (CZK 172 billion, i.e. 42%) especially to 1999, when strict emission limits prescribed by the law had to be fulfilled. The second significant sphere is waste water management, or rather the construction of sewer systems and sewage treatment plants (CZK 147 billion, i.e. 36%). Third is waste disposal (CZK 49 billion, i.e. 12%). Considerably lower investments were made in soil protection and remediation (CZK 17 billion, i.e. 4%), protection of the landscape and biodiversity (CZK 11 billion, i.e. 3%) and the reduction of noise and vibrations (CZK 10 billion, i.e. 2%).

The current tendency in investment expenditures for environmental protection is mainly associated with the investments funded from the operational programmes of the European Union and with other legal requirements. This is especially true in the field of water protection, i.e. waste water management.

The main funding resources of the investments in environmental protection are investors' own resources, which represent about 2/3 over the long-term; including credits, this amounts to almost 3/4 of the share.

#### The structure of investments in environmental protection according to funding resources in the Czech Republic [%], 1995–2007

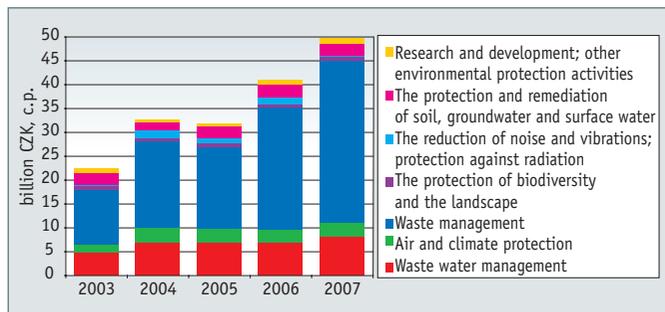
Source: Czech Statistical Office



Over the last five years, there has been growth in the total expenditures for environmental protection, especially as a consequence of the stronger growth of the non-investment costs, which already double investment expenditures. The non-investment costs of environmental protection reached CZK 178 billion between 2003–2007, when the most of the funds were spent on waste management (CZK 106 billion, i.e. almost 56%) and waste water management (CZK 34 billion, i.e. 19%).

#### Non-investment costs of environmental protection according to target fields in the Czech Republic [billion CZK, current prices], 2003–2007

Source: Czech Statistical Office

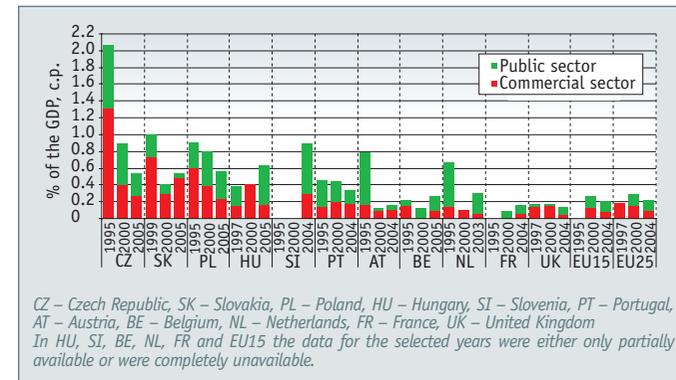


### INVESTMENTS – INTERNATIONAL COMPARISON

For the purpose of international comparison, the GDP share of investment expenditures for environmental protection is indicated separately for the public and commercial sectors. The chart shows that the Czech Republic and the other post-communist countries spend considerably more money on environmental protection than the EU average. This fact is mainly due to the markedly worse environment that had to be resolved through higher investments as well as by the need to meet EU requirements in connection with joining the EU. In the Czech Republic, the share of the private sector's expenditures of the total investment expenditures was always above average and reached 71% in 2007.

#### The GDP share of investment expenditures for environmental protection from the commercial and public sectors, an international comparison [%], 1995, 2000, 2005 (the first data available)

Source: EUROSTAT



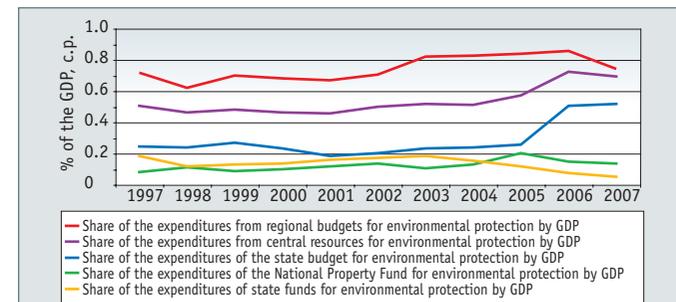
CZ – Czech Republic, SK – Slovakia, PL – Poland, HU – Hungary, SI – Slovenia, PT – Portugal, AT – Austria, BE – Belgium, NL – Netherlands, FR – France, UK – United Kingdom  
In HU, SI, BE, NL, FR and EU15 the data for the selected years were either only partially available or were completely unavailable.

### PUBLIC EXPENDITURES

Public expenditures for environmental protection are made up by those from central resources and regional budgets. The most significant central public resource of funding for environmental protection projects is the state budget. These expenditures have been growing since 1997 and reached CZK 18.2 billion in 2007, when the most funds were provided as subsidies. Other public central resources of expenditures for the environment are the State Environmental Fund of the Czech Republic and the National Property Fund of the Czech Republic. The latter has been already cancelled (the remaining funds are now administered by the Ministry of Finance). Expenditures for environmental protection from regional budgets were CZK 26.3 billion in 2007, of which CZK 10.9 billion was spent on water protection, CZK 8 billion on waste management and CZK 6.9 billion on biodiversity and landscape protection. Therefore, the overall volume of funds spent from regional budgets considerably exceeds the volume of funds provided by the state budget and funds.

#### The GDP share of public expenditures for environmental protection in the Czech Republic [%, current prices], 1997–2007

Source: Ministry of Finance, Czech Statistical Office



The National Property Fund of the Czech Republic was cancelled on 1 January 2006. Its competencies and funds spent for eliminating old ecologic burdens are now administered by the Ministry of Finance. The significant increase in the expenditures from the state budget between 2005 and 2006 was caused by the engagement of financial resources from European funds.