

17. Building Process

Building a new plant in the Czech Republic is a similar procedure as in other European countries. The Czech Republic offers an effective planning process and rapid construction capabilities. In most cases, it takes between one to two years to go from a completely vacant greenfield site to completion of a new facility. This time span can be shortened in municipal industrial zones, where land plots and infrastructure are already prepared and local officials have been trained by CzechInvest to effectively support investors.

AUTHORITY APPROVALS

Czech planning processes are similar to those in other EU countries. A construction project generally has to be approved by the relevant authorities in the following steps:

1. Environmental Impact Assessment - Screening & Scoping Procedure
2. Environmental Impact Assessment – full EIA procedure *
3. Planning permit
4. IPPC - Integrated permit *
5. Building permit (Construction permit)
6. Final approval

* Step 2 “Environmental Impact Assessment– full EIA procedure” and step 4 “IPPC - Integrated permit” apply to extensive investment projects that exceed the limits stipulated by the respective laws, or if it is required by competent authority (Ministry of the Environment or Regional authority). Most investment projects that CzechInvest is involved in do not relate to steps 2 and 4.

The competent authority (Building Authority) must not approve any project without any kind of environmental impact assessment having been completed. The latest novelization of Czech building act that has come into force in 2018 gives investors the opportunity to undergo a joint planning and building (construction) permitting procedures, incl. environmental assessment procedure (Screening & Scoping Procedure or EIA Procedure). It means that all the three key parts of the project permitting procedure will run in parallel. This option could accelerate and simplify the whole permitting process.

Environmental Impact Assessment of the Project

The rules and ways of environmental impact assessments are stated in Act. No. 100/2001 Coll., as amended by later regulations, which is based on the European Community’s EIA guidelines for industrial projects.

The Annex No. 1 of this Act defines two categories of projects:

- Category I – projects which are always subject to assessment – full “EIA procedure”
EIA procedure is applicable for projects meeting or exceeding the relevant thresholds stated by this category. Usually required for an extensive projects with a significant environmental impact (depends on the type of project).
- Category II – projects requiring “Screening & Scoping Procedure”
Screening procedure (often colloquially called “short EIA” or “First phase of EIA”) assess projects environmental impacts and defines whether full EIA Procedure is needed or not. The final decision is made by competent authority (Regional authority, in special cases the Ministry of the Environment). This Screening & Scoping Procedure usually takes 2-3 months (after all the data is collected).
If a full EIA Procedure is not required, then the competent authority issue a positive statement and no follow-up procedure is conducted.
In the opposite case, the EIA documentation must be completed and a full EIA Procedure, including a public hearing, is necessary. The duration of this process is typically additional 5-8 months.

Positive statement from any of above stated procedures is obligatory condition for obtaining the Planning as well Building Permit.

Planning Permit

The planning permit is important document investors need in order to proceed with a project (it deals mainly with the outer appearance of the planned construction, its impact on its surroundings – noise, emissions, etc., infrastructure and utility connections). The planning procedure begins with an application of a Planning Permit Documentation (in detail of concept design, extended according to the Czech legislation) including several statements from the relevant authorities by the investor, and can be completed in 3-4 months (without obtaining the statements). After that, generally the earthworks/landscaping on the project can begin. The planning permit defines the land allotted for the proposed purpose and states the conditions the investor must observe. The permit is valid for two or five years and may be extended by the Building Office upon request.

IPPC – Integrated Pollution Prevention and Control (Integrated Permit)

The Act No. 76/2002 Coll. (in accordance with European Parliament and Council Directive No. 2010/75/EU) sets forth the key principles to be followed by operators of certain industrial installations (expressly listed in the Annex to the Act). These include waste-treatment installations, industrial installations in the processing of energy generation, metallurgy, chemicals, food and certain raw materials and other operations viewed as highly intensive production operations in terms of their impact on the environment (such as paper production, leather processing, textile fibre processing, surface finishing, carbon production etc.). In the integrated permit, the conditions are set for the installation operation based on application of best available techniques (BAT). The IPPC process takes usually 5-10 months. Termination of the IPPC process is obligatory for launching the building permit procedure.

Building Permit

The building permit requires a more detailed elaboration of permit requirements (it deals mainly with the interior lay-out of the planned structure and its technical quality, fire safety etc.). Very detailed Building Permit Documentation (usually in detail of basic design, extended according to the Czech legislation) including tens of statements from the relevant administrative authorities is necessary in the building permit application. The entire permitting procedure should take 2-3 months (without obtaining the statements). The permit is valid for two years and may be extended by the Building Office upon request.

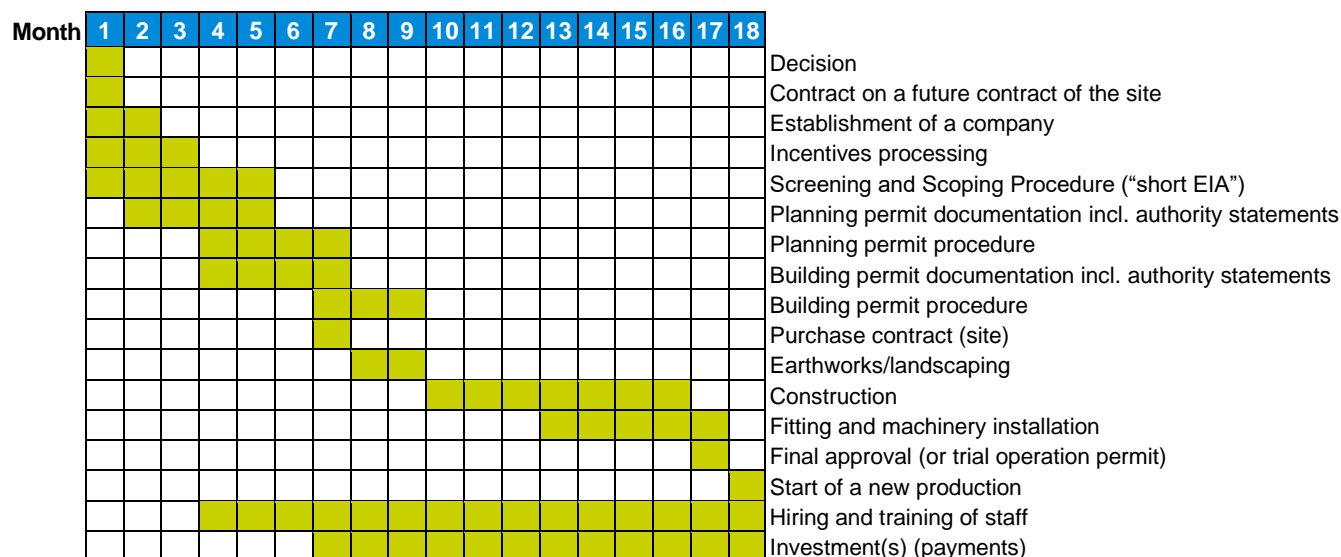
Final Approval

This document is issued upon completion of construction. The Building Office inspects the fulfilment of the conditions defined by all the issued permits, statements and relevant legislation. The final approval allows the investor to start using the building, i.e. to start full production (sometimes as a trial operation).

PROJECT DEVELOPMENT EXAMPLE

The chart below gives an example of a typical light industrial greenfield investment with Screening & Scoping Procedure and investment incentives, without IPPC. The whole process, which applies to most projects, from investment decision to start of new production, typically takes approximately **12-15 months**. Nevertheless, a well-prepared process can be shortened with some initiative on the part of the investor. On the other hand, the process of a huge and complicated project (including steps 2 and 4) can take over **18 months**.

Example of a typical greenfield investment with Screening & Scoping procedure and investment incentives



Source: Bilfinger Tebodin s.r.o., 2019

Construction Cost Estimate

Roads - price w/o landscaping depends on material and type of the road	CZK 1,200 – 3,000/m ²
Sidewalks - price w/o landscaping depends on material	CZK 800 – 3,500/m ²
External sewerage depends on materials, pipe up to 800mm	CZK 4,500 – 10,000/1m
Water mains depends on material, pipe diameter up to 400mm	CZK 3,800 – 7,100/1m
Electricity high voltage line 22 – 35 kW	CZK 3,200 – 6,600/1m
Industrial halls depends on purpose, material	CZK 14,500 – 19,000/m ²
More equipped industrial halls depends on purpose, construction system, material	CZK 19,000 – 30,000/m ²
Office buildings depends on construction system and level of standard	CZK 24,000 – 45,000/m ²
Rough landscaping topsoil stripping, back filling, etc.	CZK 400 – 900/m ²
Final landscaping vegetation cover, amenities planning, etc.	CZK 70 – 800/m ²

Source: Bilfinger Tebodin s.r.o., 2019/Q1

Top 10 Building Companies

Rank	Company	Turnover CZK/bill.
1.	Metrostav	19.9
2.	Strabag	10.9
3.	Eurovia CS	10.6
4.	Skanska	8.4
5.	AZD Praha	7.5
6.	Hochtief	5.9
7.	Swietelsky stavebni	5.7
8.	Imos Brno	5.6
9.	OHL ZS	5.1
10.	Colas CZ	4.5

Source: Albertina – Company Monitor, BISNODE 2019