

**An international Exchange of Experience**

**Economic Analysis according to the WFD:  
Status of Implementation**

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ACTeon

**„The Economic Analysis for  
the Water Framework Directive  
born...going, going...gone?“**



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# The economic analysis for the Water Framework Directive

## Born...going, going... gone?

*Pierre Strosser*

# Looking at (recent) history...

- **Before 2000: negotiation of the WFD**
  - Main focus on water pricing (the political hit)
  - Limited (no?) interest in economic analysis
- **2000: adoption of the WFD – facing the “non-understandable” ...**
- **2001: launching the Common Implementation Strategy**
  - The *WATECO* process
  - June 2002: the *WATECO* guidance
  - Integrated pilot testing
  - Economics drafting groups
- **Today (Berlin...)**

## ... As background to tomorrow

- **Finalising the 2004 reporting**
  - *Lille IV* conference
  - 2004 report
- **Finalising the pilot river basin testing**
- **Supporting the selection of measures**
  - Cost-effective set
  - Justifying derogation
- **Supporting pricing policies according to Article 9**

## Attempting a first preliminary assessment

- Have we engaged on the “right” implementation path *vis-à-vis* the economic elements of the Water Framework Directive?
- Two options
  - We are doing great!
  - Looking at...
    - Key principles
    - Thematic issues
    - Implementation at different scales/levels

# Integrated?

- **Difficult but moving... more time required for making it fully operational & institutionalised**
- **Already progress in:**
  - **Developing platforms for interaction**
  - **Economic importance of significant pressures**
  - **Baseline as necessary component of risk-assessment**
- **Further efforts required**
  - **Baseline (integrated approaches and tools for risk-assessment)**
  - **Cost-effectiveness**
  - **Cost-recovery??**

# Proportional?

- **Preliminary efforts towards “doing” and “learning”**
- **The *data collection mania***
  - **Economic importance of water uses**
  - **Pricing, cost-recovery**
- **Some attempt with:**
  - **Focusing on economic importance of significant pressures**
  - **Baseline: key drivers and policy changes**

# Policy-relevant?

- **Limited**
- **WFD compliance driven *versus* water management driven ?**
  - Thus, primarily policy relevance in an EU implementation context
  - More an issue in transboundary river basins?
- **Some examples of policy-relevance, but not necessarily WFD-driven**
- **But do we have the choice?**
  - Need of a learning phase

# Iterative and gradual?

- **Clearly yes!**
  - For all thematic issues (maybe less clear for baseline today?)
- **The challenge?**
  - Are we doing sufficient efforts for identifying key gaps in information & knowledge so they are filled in a timely manner? (e.g. links to research, monitoring, statistics)
  - Are we doing enough efforts today for building tomorrow's capacity?

# Participatory?

- **Clearly limited!**
- **Sometimes consultation**
  - National, (national) river basin
- **Rarely participation**
  - Although stakeholders may want to know more about methods, tools, indicators
  - Baseline
- **Have we asked?**
  - What will happen if asked in 2006 only...

# Transparent?

- **Too limited communication about what we do and what we expect**
  - River basin, national, EU levels
- **Not enough efforts on presenting methods, assumptions and results**
  - Do we understand ourselves what is done? (e.g. transboundary rivers)
  - Can other understand?

# Overall...

- **Economics more widely accepted**
  - Shared importance of pricing & economic analysis
  - The key role of baseline
  - But still information and communication required
- **Making economics operational has started!**
  - Often compliance driven
  - Limited capacity building (not only administrations)
  - National focus (national re-appropriation, transboundary, EU platform)
- **Still many questions**
  - Answers found when doing...
  - Allowing for sensitivity analysis
  - Screen questions to policy-relevance

# Some challenges ahead: what should/will they deliver?

- **Lille IV?**
  - Practical illustrations for 2004 economic analysis
  - Strengthening economics in political/policy-making agenda?
- **2004?**
  - How successful in identifying data/knowledge gaps?
  - How useful for decision making? (water, other EU policies)
  - EU comparative analysis?
- **Integrated pilot testing**
  - Effective sensitivity for choosing appropriate approaches?
  - Capacity building (for whom?)
- **Feeding to research**



***Many thanks for your attention***  
***And best luck with doing the economic analysis!!***