



The Article 5 and its economic analysis

A first survey by EEB/WWF

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Watching the child grow...

- **2000 – Adoption of the Water Framework Directive**
- **2001 – Launching the Common Implementation Strategy**
- **2003 – Designation of competent authorities**
- **2005 – Article 5 report**
- **Today (2006): strategies for monitoring, initiating the selection of measures....**

... with worries of its many parents...

- **Are we going in the right direction, is its education right?**
- **Clearly, some positive signs:**
 - Efforts put by Member States at early stages
 - The Common Implementation Strategy
 - (the majority of) Article 5 reports delivered...
 - Some consultation, participation (EU, national...)
- **But more in-depth review necessary at this critical stage**

An EEB/WWF initiative

- **Survey of Article 5 reports for selected river basin districts (26)**
- **Aimed at reviewing the economic components of these reports**
- **With particular focus on Article 9 issues:**
 - **Definition of water services**
 - **Cost-recovery assessment**
 - **Contribution of uses to the costs of water services**

If we would close our eyes... we would dream of...

- **A wide definition of water services**
 - To ensure transparency
 - To ensure equitable application of the polluter pays principle
- **A definition of water services that accounts for self-services**
 - To ensure coherent application of the polluter pays principles and of the recovery of environmental costs

We would also dream of...

- **Cost-recovery investigated for all services taking environmental and resource costs into account**
- **An assessment of the contribution of uses to the costs of services, linking pressures & impacts analysis to economics**
- **An assessment of the effectiveness and incentive dimension of water pricing**

Finally, being optimist, the cherry on the cake would be....

- **A preparation of the follow-up steps, i.e.**
 - **Economic analysis for supporting the selection of measures (cost-effectiveness)**
 - **Identification of gaps in information and practical proposals for filling these gaps within a given time frame**

What did we find?

1. On water services

- **Water services not always properly defined in the reports**
- **A very narrow definition of water services – drinking water and sewerage in the majority of cases**
- **Other services identified in a limited number of cases include**
 - **Infrastructure for irrigation water supply**
 - **Dams for power**
 - **Infrastructure for rainwater collection**
 - **Drainage, land improvements for agriculture**
- **In some cases, other services excluded with limited (no clear) justification**
- **Self-services included in the definition of water services in half of the cases**

What did we find?

2. On cost-recovery assessment

- **An assessment restricted to drinking water and sewage**
- **Financial costs investigated always (sometimes qualitatively)**
- **Environmental & resource costs considered in a few cases only**
- **In several cases, no transparency on how cost-recovery computed**
- **Very few assessment of the contribution of uses to the costs of water services**

What did we find?

3. On analysis of water pricing

- **Water prices often investigated (as part of cost-recovery assessment)**
- **Very limited investigation of its incentive dimension (indeed, large knowledge gap)**
- **Economic instruments such as environmental taxes/charges or subsidies analysed – but no coherence in approaches**

What did we find?

4. On follow-up steps

- **Economic analysis for selection of measures mentioned in a few cases**
- **Activities for filling gaps in knowledge identified in half of the cases – but not always in an operational way**

Overall, how can we rate the economic analysis of Article 5 reports?

		Impacts Assessment	Risk-Analysis	Interpretation "water services"	Cost-recovery assessment	Environmental/resource costs	Contribution of uses to costs	Analysis of economic instruments	Follow-up for filling information gap
Austria	Danube	☺	☺	☹	☺	☹	☹	☺	☺
Belgium	Scheldt	☺	☺		☺	☺	☹	☺	☹
Germany	Danube	☺	☺	☹	☺	☺	☹	☺	☹
Germany	Elbe	☺	☺	☹	☺	☹	☺	☺	☹
Germany	Ems and Weser	☺	☺	☹	☺	☺	☹	☺	☹
Germany	Middle Rhine	☺	☺	☹	☺	☺	☹	☺	☺
Germany	Oberrhein	☺		☹	☺	☺	☹	☺	☹
Denmark	Arhus Amt	☹	☹	☹	☺	☺	☹	☺	☺
Estonia	Viru-Peipsi	☺		☹	☺	☺	☺	☺	☺
Spain	Guadalquivir	☺		☺	☺	☹	☺	☺	☹
Finland	Rkymijoki-Gulf	☹	☹	☹	☹	☹	☹	☹	☹
France	Rhône	☺	☺	☺	☺	☺	☺	☹	☹
France	Seine-Normandie	☺	☺	☺	☺	☺	☺	☺	☺
Greece	None	☹	☹	☹	☹	☹	☹	☹	☹
Hungary	Danube	☹	☹	☹	☺	☺	☹	☺	☺
Ireland	Shannon	☹	☺	☹	☺	☹	☹	☹	?
Italy	None	☹	☹	☹	☹	☹	☹	☹	☹
Latvia	Lielupe	☹	☺	☺	☺	☺	☺	☺	☺
Netherlands	Maas	☹	☺	☹	☹	☹	☹	☹	☹
Netherlands	Rhine Delta	☹	☺	☺	☺	☹	☹	☺	☺
Poland	Vistula	☺	☺	☹	☺	☹	☺	☺	☺
Portugal	Tejo/Ribeiras Oeste	☺	☺	☺	☺	☺	☺	☺	☺
Romania	Prut	☺	☺	☺	☺	☹	☹	☹	☺
Sweden	None	☹	☹	☹	☹	☹	☹	☹	☺
Slovenia	Danube	☺	☹	☹	☹	☹	☹	☹	☹
UK	South-West	☹	☺	☹	☺	☺	☺	☺	☺

Overall, did Member States follow the WATECO guidance principles?

- **Integrated? Not yet**
- **Iterative? Yes, the main justification for explaining current limitations...**
- **Proportional and targeted to policy decisions? Not yet**
- **Participatory? Only in a few cases**
- **Transparent? Not in many (50%) cases**

Which implications?

- **For Member States**
 - Additional capacity required for the economic analysis
 - Need to review/improve parts of the analyses (priorities given by Pressures/impacts and significant water management issues...)
- **For the European Commission**
 - Dealing with possible compliance problems?
 - This review can help overall review of Article 5
 - The review cannot be limited to a similar survey....
- **For the CIS**
 - Coherence in implementation has clearly not been achieved
 - Need further efforts and instruments to ensure coherence?



Many thanks for your attention