



THE WATECO GUIDANCE AND ECONOMIC TERMS

Definitions and examples

THE WATECO GUIDANCE AND ECONOMIC TERMS

The WATECO Guidance

- ⇒ what is inside?
- ⇒ how to use it?



WFD and Guidance terminology

- ⇒ key terms
- ⇒ signification



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WHERE DOES WATECO GUIDANCE COME FROM?

What is the need for Guidance documents?

⇒ *Lot of novelty brought by WFD*

- new wording. E.g. HMWB, good ecological status...
- new methods. E.g. public participation, economic input...
- new approach. E.g. IRBM, integration of sectorial policies...

***Need for homogeneous understanding
and common implementation***



How have Guidance documents been elaborated?

⇒ *in the frame of the Common Implementation Strategy*

- *at Member States and Candidate Countries level: water directors*
- *at technical level: thematic working groups of experts; experts advisory forums*
- *at stakeholders level: involvement of NGOs, interest groups...*

Deliverables: 13 Guidance documents





WHAT ROLE FOR GUIDANCE DOCUMENTS?

**Guidance documents
are not legally binding,
*but...***



they have been endorsed by all water directors
i.e. by Member States



Commission will assess the implementation in
the light of the Guidance documents




Member States may adapt the methodologies
provided to local conditions, in order to increase
their relevance/efficiency



WHAT TO FIND IN THE WATECO GUIDANCE?

Guidance for experts and stakeholders in the implementation of the economic elements of WFD



ECONOMICS AND THE ENVIRONMENT
THE IMPLEMENTATION CHALLENGE OF THE WATER
FRAMEWORK DIRECTIVE
A GUIDANCE DOCUMENT

The role of economics in WFD

*Key economic elements?
Combination with water management ?...*

Planning the economic analysis

*When and how? Roles of actors involved?
How to manage difficulties?...*

Methodologies for undertaking the economic analysis

*How to select measures?
How to assess costs, benefits...?...*

Reporting the results of the economic analysis

*How to report on economic analyses?
With which indicators?...*

Focus on 2004 requirements



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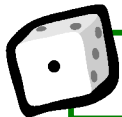
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THE "3-STEPS APPROACH"



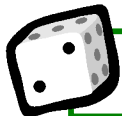
WATECO Guidance proposes an integrated methodology in order to properly integrate economic input in WFD implementation



Step 1

Characterising river basins

Prepare an economic analysis of water use



Step 2

Identifying significant water management issues

⇒ *Identify gaps in water status between results of baseline scenario and WFD objectives*

⇒ *Start constructing the programme of measures*



Step 3

Identifying measures and economic impact

⇒ *Economic input when constructing the programme of measures*

⇒ *Economic support to the assessment of derogations*

⇒ *Assess implications of the programme of measures*



COSTS

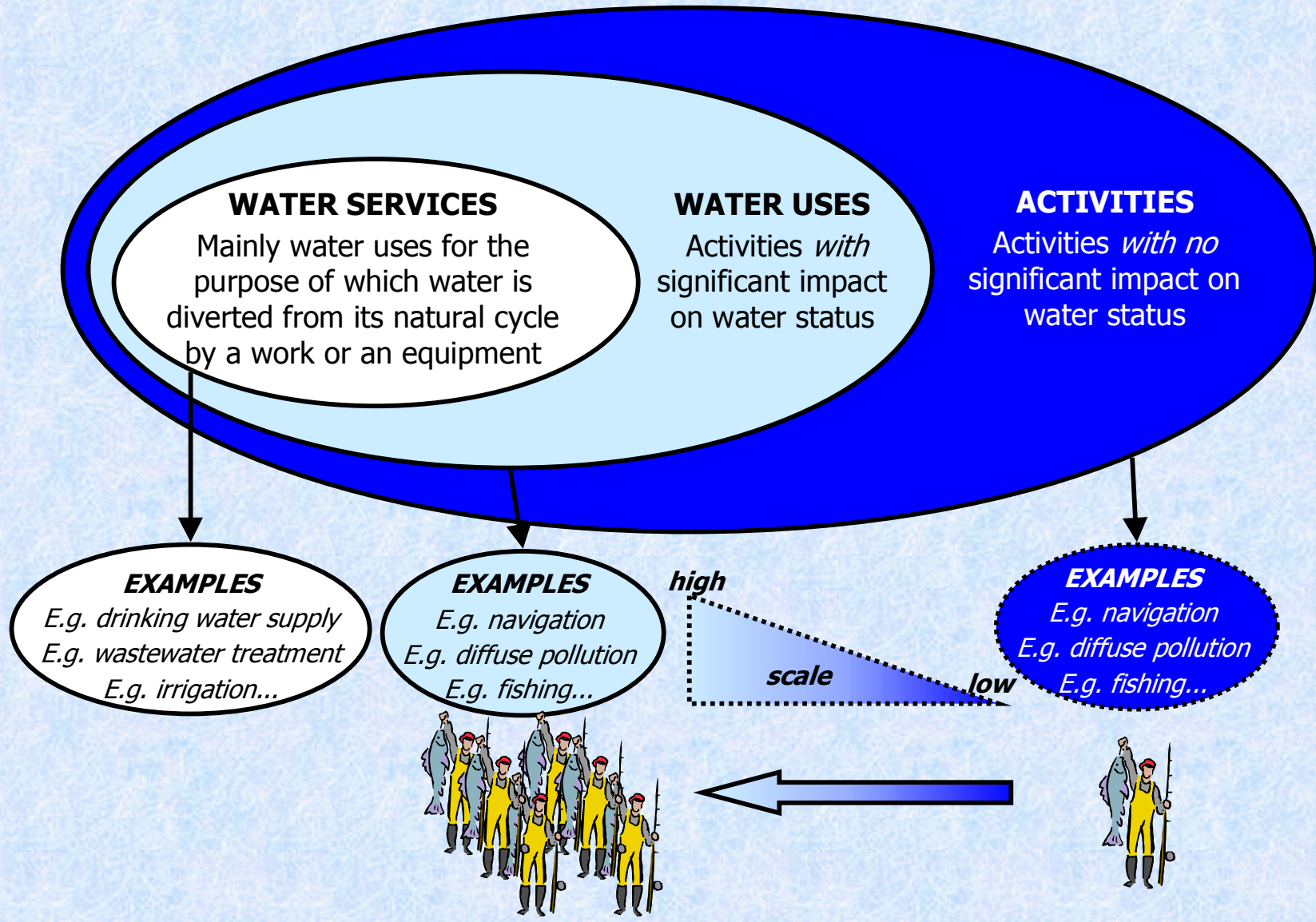
Costs	Definition	Example
Financial cost	Capital costs	<i>Principal and interest, depreciation</i>
	Operating costs	<i>Wages, electricity, maintenance of equipment, analyses of the quality of water...</i>
Environmental cost	Costs of the damages to the environment caused by a given activity	<i>Contamination of an aquifer, destruction of wetlands...</i>
Resource cost	Value of the alternative foregone by choosing a particular activity (= opportunity costs)	<i>Cost of electricity that could have been produced if water would be available instead of being pumped for irrigation</i>

Sum = full cost

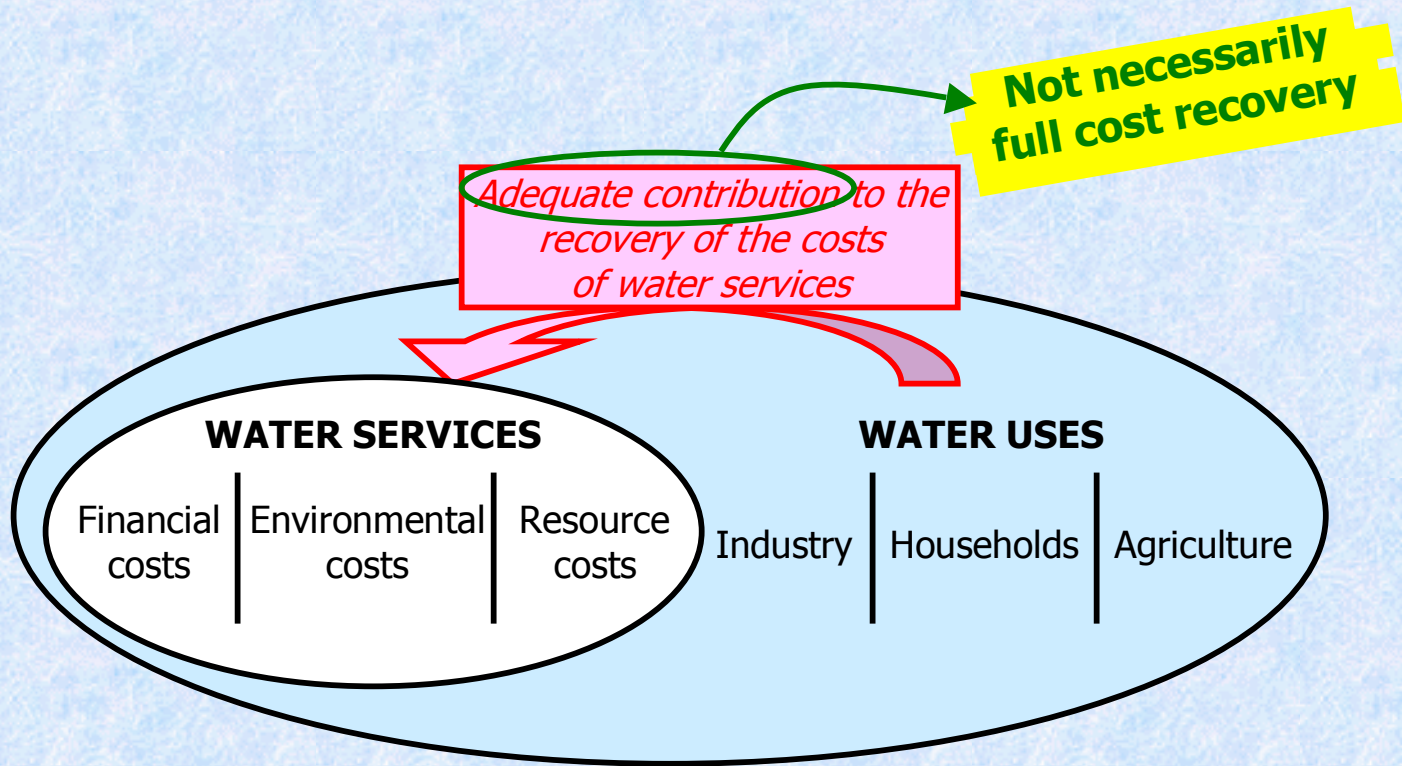




HUMAN ACTIVITIES, WATER USES AND WATER SERVICES



THE PRINCIPLE OF RECOVERY OF COSTS



Take account of social, environmental and economic effects
Established practices may provide a basis for non implementation



DISPROPORTIONATE COSTS

What are disproportionate costs?

⇒ refer to the costs of the measures required to achieve good ecological status

How to assess disproportionate costs?

⇒ carry out a cost-benefit analysis
⇒ consider **all types** of costs and benefits



What if costs are judged disproportionate?

⇒ water body may be designated as HMWB
⇒ a derogation may be sought

financial & environmental present & future...

Disproportion of costs is a case-by-case issue. Ultimately, disproportionality is a local judgement informed by economic information.

