

Economic benefits of EU water policy and costs of non-implementation - Collection of existing knowledge

Fields marked with * are mandatory.

- * In order to participate to the call for evidence, please provide your contact details. For more information on the privacy policy of the European Commission please refer to the privacy statement.

Name

Vallet Bertrand

- * Name of the organisation you represent

EurEau

- * Please specify the type of organisation

- Governmental Organisation
- International Institution/Organisation
- Academia
- NGO
- Private Sector
- Consultancy
- Individual expert
- Other

- * What results would you expect from a study on the economic benefits of EU water policy and the cost of its non-implementation?

EurEau, the European Federation of Water Services, represents drinking and waste water service providers from 28 countries in Europe, from both the private and the public sectors. With a direct employment of around 500,000 people, a turnover of 72 billion € per annum and 33 billion € per annum of investment, the European water services make a significant contribution to the European economy.

For EurEau, this study would be very interesting. A first point of interest would be to have tools to demonstrate the economic benefits of different water uses. It is the challenge of this study to demonstrate to policy makers the importance, also in Europe, of good water management and healthy environment. With regard to the economy, it would also be relevant, but data needs to be trustworthy and the study to compare only what is comparable. It will not be appropriate to compare levels of investment, prices and assumptions of economic benefits, between MS because as each situation is very different. It is then essential that the study does not turn into a comparison/benchmark of services.

For this it is important to include water quality as well as the consequences of poor water quality for the economy that are quite significant and will oppose to economic development. This can be seen from the studies by UNEP. Poor water quality leads to poor freshwater resources and poor marine waters, which is harmful not only for people and nature, but also for industry, fisheries, the tourism industry and all other that depends on natural resources.

In the Concept paper added to this survey, one of the deliverables is to draw boundaries of the EU water sector. If this is possible to develop it could be very helpful and help compare development in the water industries and related production among EU countries. Quite often there is very little data to compare the development in the water sector across EU and such delimitation is an interesting outcome of the study.

It is essential that the Commission study includes an assessment of what is actually affordable for customers and what is their willingness to pay. The study should aim to discover how much customers' are willing to pay for improvements in their services and what improvements do they actually want. The relation between what customers are willing to pay, the level of service they want and the actual cost to obtain such level of service is crucial. It is important to show that having good water management has to be financed and will reward both good environment and economy. For example over the last two years, water companies in the UK have carried out specific Willingness to Pay research with their customers, which was part of the regulatory framework in the most recent Price Review. Water UK would be very willing to present the methodologies and outcomes from this research with the Commission.

We finally want to remind that EurEau and its experts are willing to provide any further information and expertise to help the European Commission and the chosen consultant to achieve successfully this work.

* On the basis of the background document, would you consider Task 1 "Water as a key resource for economic growth and well-being of the EU":

- Very relevant
- Relevant
- Not so relevant because already extensively analysed
- Not so relevant for the perceived objectives of the study

● Unrealistic

Please provide comments on Task 1 and its deliverables as described in the background document.

The concept of water as an economic good is one of the key pillars of integrated water resources management (IWRM). Global Water Partnership, an international organisation that has worked intensively to promote IWRM states that:

Water is a public good and has a social and economic value in all its competing uses.

Integrated water resources management is based on the equitable and efficient management and sustainable use of water.

Based on these and similar key principles GWP has carried out a great deal of work on the economic value of water and the most efficient use of water. I am not aware of water plans in Europe that includes this, but various countries in Africa such as Uganda, Ghana and Zambia are working based on this principle as is also the Mekong River Commission, which includes the transboundary perspective.

GWP has a toolbox with guidelines, cases and specific tools, also for these principles.

See more here:

<http://www.gwp.org/en/ToolBox/>
www.gwp.org

There is information available on the Danish water plans and results of these, but all in Danish and probably not that relevant.

Water Footprint Network has also been engaged in this discussion with works such as this:

http://waterfootprint.org/media/downloads/Report_19_Water_as_an_Econ_Good_1.pdf

Another element of the discussion is on the role of water quality and wastewater management for sustainable development. It is discussed, for instance in this paper:

http://www.unep.org/pdf/SickWater_screen.pdf

A comparable study has been published by OECD: Benefits of investing in Water and Sanitation - an OECD perspective

http://www.oecd-ilibrary.org/environment/benefits-of-investing-in-water-and-sanitation_9789264100817-en

WHO has also worked on access to clean water and links to economic growth and ways to measure losses in terms of lost working days as is described for instance in this report:

http://www.who.int/water_sanitation_health/waterandmacroecon.pdf

A few years old, but key messages are still valid as it states that: "Better access to clean water, sanitation services and water management creates

tremendous opportunity for the poor and is a progressive strategy for economic growth. This report articulates the close link between water and the economy and makes the case that investing in water management and services is absolutely essential for the eradication of poverty and is a necessary condition for enabling sustained economic growth.”

Supplementary studies on the topic:

Deloitte report on the economic impact of the water sector:

https://dl.dropboxusercontent.com/u/299993612/Publications/Reports/Economic%20Impact/Water%20UK_Economic%20Impact_Final_Mar%202014.pdf

Severn Trent - Changing Course through the sustainable implementation of the WFD:

<https://s3-eu-west-1.amazonaws.com/media.aws.stwater.co.uk/upload/pdf/ChangingCourse-WaterFrameworkDirectiveNov2013.pdf>

Studies in Dutch:

<https://www.rijksoverheid.nl/documenten/rapporten/2015/07/03/rapport-toekomstbestendige-en-duurzame-financiering-waterbeheer>

https://www.nwp.nl/_docs/Watervisie-NL-drukwerkversie.pdf

https://www.nwp.nl/_docs/DEFINITIEVE-EINDRAPPORTAGE--Studie-Deltatechnologie.pdf

https://www.nwp.nl/_docs/HOOFDRAPPORT-WATERTECHNOLOGIESECTOR-BBO-GRONTMIJ.pdf

https://www.nwp.nl/sites/default/files/Rapport_Marktkansen_voor_energie_en_water.pdf

* On the basis of the background document, would you consider Task 2 "Cost/benefit analysis of the proper implementation of the EU water acquis":

- Very relevant
- Relevant
- Not so relevant because already extensively analysed
- Not so relevant for the perceived objectives of the study
- Unrealistic

Please provide comments on Task 2 and its deliverables as described in the background document.

A report from EEA discusses one of the key principles of WFD, Full Cost Recovery and how this can be achieved through water pricing. One of the examples is from Denmark where a real price of water, including environmental taxes, was increased by 54% over relatively short time. This has led to a decrease in water consumption per capita from 155 litres of water per person to the current 106 litres. In the same period the economic growth has not been affected by water prices. This means that if properly implemented the full cost recovery principle improves water efficiency without harming the economy. Data are not up to date though but a new report is supposed to be published soon.

See more here:

<http://www.eea.europa.eu/publications/assessment-of-full-cost-recovery>

Another report from EU and probably known to the Commission looks into the potential for stimulating sustainable growth by implementation of the EU water acquis. It states that proper implementation of the WFD and Flood Directive (and to lesser extent the DWD and UWWTD) in all member states can contribute significantly to growth and job creation. More than 200.000 jobs are possible. This will also strengthen technology development and export of EU water technology. See more here:

<https://circabc.europa.eu/w/browse/4c29d6ba-f7cd-467d-ac57-c8956e9bd119>

Studies in Dutch:

http://www.helpdeskwater.nl/@16942/ex_ante_evaluatie/

* On the basis of the background document, would you consider Task 3 "How to maximise the economic benefits of water by identifying its most efficient uses":

- Very relevant
- Relevant
- Not so relevant because already extensively analysed
- Not so relevant for the perceived objectives of the study
- Unrealistic

Please provide comments on Task 3 and its deliverables as described in the background document.

As stated about Global Water Partnership has worked on this topic quite a lot. There is a case study that may be relevant on this also:

<http://www.gwp.org/en/ToolBox/CASE-STUDIES/Europe/Romania-Cost-effectiveness-analysis-for-realistic-river-basin-plans-391/>

Less known may be the BEAM Model developed by COWI and DHI Denmark and GWP. This model looks into: "The following issues of relevance for economic management of water resources:

- Physical efficiency (estimating how investments in irrigation efficiency affect economic welfare).
- Economic efficiency (estimating how changes in how water is allocated affect welfare).
- Equity (who will gain from changes in allocation of water from one sector to another and who will lose?).

The model is developed for the Aral Sea basin, but is intended for more general use, it links to basin modelling tools (also relevant related to WFD) and the idea is to demonstrate the economic outcomes of different water uses to ensure that water is used most efficiently.

A more thorough explanation can be seen here:

[http://www.gwp.org/Global/ToolBox/Case%20Studies/Asia%20and%20Caucasus/Transboundary.%20BEAM%20-%20Aral%20Sea%20Basin%20Economic%20Allocation%20Model%20\(%23432\).pdf](http://www.gwp.org/Global/ToolBox/Case%20Studies/Asia%20and%20Caucasus/Transboundary.%20BEAM%20-%20Aral%20Sea%20Basin%20Economic%20Allocation%20Model%20(%23432).pdf)

and also on this interactive poster, which perhaps gives a little more information:

<http://poster.worldwaterweek.org/Default.aspx?s=B2-82-E0-C7-71-7E-7A-A5-66-AF-D2-AF-5D-15-25-D7>

Studies in Dutch presented in task 1 are also relevant for this task.

In England and Wales, the regulator Ofwat is already considering the regulatory framework for the next price review in 2019, which will cover 2019–2024. As part of this, OFWAT recently asked water companies to put forward their views on various subjects and issues relating to water pricing, investment and economic regulation. This exercise was called the ‘Marketplace for Ideas’: <http://www.water.org.uk/policy/future-of-the-water-sector> For this EU consultation, we highlight the following studies from the Marketplace:

- Access pricing
- Markets for sewage sludge
- Household retail competition
- Outcomes

What sources of information on the economics of water of relevance to the study would you recommend? In case they are linked to a specific task or deliverable, please specify.

Reference to publications

Please see the comments for the tasks

Links to websites

Please see the comments for the tasks

Names of institutions, organizations, research centers, academia

Please see the comments for the tasks

Other (please specify)

Additional suggestions or recommendations for the study (i.e. on objectives, scope, deliverables, risks, methodology)

EurEau supports the comments made during the workshop on 8 December. We would like to remind the European Commission that the decisions taken in the management of water, especially for water services, are taken by local authorities, taking into consideration the local conditions. The variation between these local conditions across Europe means that it is difficult to compare these decisions on a like-for-like basis. Therefore, the economic benefits of EU water policy and costs of non-implementation may be quite

different from one Member State to another and the study should reflect this by illustrating with case studies rather than attempting to arrive at a general conclusion for the whole of Europe.

If you agree to be contacted by DG Environment for further exchange of information or to be informed on the outcomes of the study, please provide your email address

bertrand.vallet@eureau.org

Contact

✉ Ewa.KRYNICKA@ec.europa.eu
