December 2013 marked the end of the EPI-WATER research endeavour which lasted three years (2011–2013) and engaged a number of water economists and practitioners in Europe and beyond. The project team has collected and analysed large volumes of evidence about the performance of economic policy instruments (EPIs), and the role policy environments play in shaping the outcomes of the EPIs. In doing so we hope to have contributed to advancing science and improving policy practice for the sake of a better (more efficient, effective and responsible) management of water resources in Europe. As an encouraging result of our efforts, the evidence we collected and analysed made its way into important European policy assessments and reviews (see page 2). Still, we are aware that more needs to be done to pave the way to a sensible discussions about the advantages and drawbacks of the instruments we have analysed.

The tasks of mapping and documenting the EPI practice in Europe is daunting. First, some of the EPIs we focussed on have been repealed, or replaced, during or after we completed the assessment. This is perhaps ill-times but not unreasonable if the policy change was based on a thorough (and transparent) analysis and comparison of the strengths and weaknesses of the current and new instruments. Usually it was not. Second, throughout the assessment we have realised, not surprisingly, that whether an EPI fits, or doesn’t, the given purpose depends on a host of (sometimes unique) circumstances which are difficult to generalise. Third, in 2013 we witnessed, as before in Italy and elsewhere, how delicate the public discourse may turned when it comes to public water supply. The Commission’s proposed concession directive, a part of the reform of public procurement rules, was not aimed at privatisation of public services. Yet it managed to make succeed the first ever European Citizens’ Initiative (Right2Water).
The EPI-WATER (Evaluating Economic Policy Instrument for Sustainable Water Management in Europe) is a recently completed EU FP7 funded project (01.2011-12.2013, www.epi-water.eu) that analysed the performance of economic policy instruments (EPIs) in Europe and beyond, and produced recommendations for a better exploitation of the potential of these instruments for achieving the EU water objectives.

The project consortium was composed by eleven European research institutes from nine EU member States. In addition, ten academic experts from Australia, Chile, China, Israel, and United States joined the team and helped to expand the evidence about the performance of some economic policy instruments not commonly applied in Europe. Throughout the project life-span, close involvement of a group of water management practitioners and policy makers ensured that the EPI-WATER research is conducted in a way that responds to the practical policy requirements and needs (see page 9 for the list).

The team has analysed a large number of economic policy instruments (EPIs) in an ex-post (Ancev, 2011; Branth Pedersen et al., 2011; Defrance, 2011; Dinar, 2011; Donoso Harris, 2011; Dworak, 2011; Gómez et al., 2011a, 2011b; Hernández-Sancho et al., 2011; Hernández-Sancho, F. Molinos-Senante and Sala-Garrido, 2011b, 2011a; Howe, 2011; Kan and Kislev, 2011; Kieser and McCarthy, 2011; Kossida and Tekidou, 2011; Kousky, 2011; Mattheiß, 2011; Möller-Gulland and Lago, 2011; Möller-Gulland et al., 2011; Myriak et al., 2011a, 2011b; Rákosi et al., 2011; Sardonini et al., 2011; Schuerhoff et al., 2011; Ungvári et al., 2011; Viavattene et al., 2011; Yang, 2011; Yates, 2011; Young, 2011; Zetland and Weikard, 2011) and ex-ante assessment mode (Defrance et al., 2013; Delvaux et al., 2013; Gómez et al., 2013; Skou Andersen et al., 2013; Ungvári et al., 2013). For the scope of the project, the team developed an assessment framework (AF), in order to ensure that all assessments are comparable and follow the same assessment principles (Weikard and Zetland, 2013; Zetland et al., 2013, 2011).

The 30 ex-post and 5 ex-ante assessment reports summarise the analysed EPIs on more than 2,000 pages. The large body of empirical knowledge collected by the EPI-WATER team, available at www.epi-water.eu, informed several major synthesis and advocacy reports (CEPS, 2012; EEA, 2013, 2012a, 2012b; OECD, 2013) and was used as a selective knowledge base for the 2012 EU Water Policy Review (EC, 2012).
At the end of the project, the project team produced a series of the synthesis reports briefly described below.

The final analytical Synthesis Report summarises the key lessons learned from both ex-post and ex-ante assessment exercises and role/potential of the selected EPIs for the European water policies. The report is organised in two parts: PART I focusses on the principal EPIs analysed, including «incentive water pricing and trading», «nitrate pollution tax», «payments for ecosystem services», «water emission trading», and «transient flood storage». Each instrument is described in terms of policy challenges to which it contributes to respond, design principles and criteria, prerequisites for a successful implementation, and potential environmental and economic outcomes. PART II of this report focusses on choice of an EPI; institutional framework and the opportunity for change; and integration of water and other sectoral policies. Moreover, an innovative policy mix aiming at water security is outlined. Finally, the role of environmental taxation and tradable environmental permits in Europe is discussed.

The EPI-WATER Guidance on the design and development of Economic Policy Instruments in European water policy was developed to respond to this policy context, and take stock of existing experiences in order to support the further use of EPIs. It is aiming at supporting national decision-makers and experts in the development and implementation of EPIs in water management, mainly taking into account the EU legislative framework; and raising awareness of EPIs, so that stakeholders can engage effectively with decision makers and experts on the development and implementation of EPIs

The report National Water Accounts and their use for policy analysis pays attention on the use of national accounts to support i) the design, ii) the monitoring and iii) the evaluation of economic policy instruments. It shows how a national water resource accounting system can be drawn up, and on the other hand discusses how the accounting system can be used in supporting policy making.

The report Research agenda for the design and implementation of economic policy instruments reviews the contemporary water research and innovation agenda in Europe and outlines the research gaps and potential priorities to be addressed.
2013: Dissemination activities

The last project year was abundant with dissemination events organised or attended by the consortium members and aimed at conveying the results of the project to wider scientific and policy communities. The major ones include Belpasso International Summer School (BISS) on environmental and resource economics, dedicated to the topic of Financing Disaster Risk Reduction and Climate Adaptation (September 01-07, Belpasso, Sicily); meeting of the Water Economics WG of the Common Implementation Strategy (October 01-02, Brussels), executive board meeting of the Join Programming Initiative (JPI) on Water (October 10, Venice), the EPIWATER Final conference (see the next page), Brown Bag Lunch at the OECD (Organisation for Economic Co-operation and Development) headquarter (December 12, Paris), briefing workshop for the staff members of the European Commission (December 13, Berlaymont building, Brussels), and the workshop Responding to expectations and supporting environmental policy objectives (December 17-18, Strasbourg). Further information events are planned for 2014 at the Food and Agriculture Organization (FAO) of the United Nations headquarter (Rome) and the European Environmental Agency (Copenhagen). Additional events were planned in connection with the Third Water Framework Directive International Conference: Climate change impacts on water security and safety (November 05-06, Lille). The conference was unfortunately cancelled on short notice due to low attendance. The project had also been presented at the 3rd IWA (International Water Association) Conference on Water Economics, Statistics and Finance. (April 24-26, Marbella, Spain), organised, among others, by the Francesc Hernandez-Sancho and Maria Molinos-Senante (Valencia University), both members of the EPI-WATER team. In addition, a number of additional events were held with national project’s stakeholders across Europe. In addition yet, the project will be presented at the FP7 project POLICYMIX International Conference on Policy Mixes in Environmental and Conservation Policies (February 25-27, 2014) in Leipzig, Germany. For more information about the additional events, please visit the project’s website www.epi-water.eu.
Final EPI-WATER Conference

Paving the way for a better application of economic policy instruments for water resources management

November 28-29, 2013, Island of San Giorgio, Venice, Italy

The last of the three EPI-Water’s international events, after Berlin (January 26-27, 2012) and Alcalá de Henares, Madrid conferences (February 6-7, 2013) took place at the premise of the Fondazione Eni Enrico Mattei (FEEM), the San Giorgio Island, Venice. The event aimed at conveying the results and recommendations produced throughout the project to a wider academic and policy audience. It also sets to initiate a cross-sector discussion about the prospects, pitfalls challenges and future research needs related to the application of economic policy instruments in other environmental fields (such as climate adaptation and biodiversity protection).

The conference, which had been broadcasted via Internet, was attended by about sixty participants from academic and policy communities. It provided the last opportunity, under the context of the project, for meeting up with the international academic experts, members of the Inspiration Beyond Europe, and the members of the Policy Think Tank, both established as advisory bodies of the project. The first day was dedicated to presenting a selection of project’s main results, and liaising with other European projects that analysed EPIs in water, biodiversity and energy fields (POLICYMIX, ENTRACTE, WaterCap&Trade, THESEUS and GENESIS). The second day addressed the outstanding research gaps and opportunities under the Horizon 2020, European Partnership for Innovation (EPI) on Water, and the Join Programming Initiative (JPI) on Water. Further information including the recorded presentations is available the event’s web site www.feem-project.net/epiwater/pages/events/130206
The international experts (IBE members), from left to right, Prof. G. Donoso (Pontificia Universidad de Chile), Dr. M. Kieser (Kieser & Associates), and Prof. I. Kan (Hebrew University of Jerusalem).

The academic guests, representatives of the other European projects, from left to right: Dr. C. Schröter-Schlaack (POLICYMIX project, Helmholtz Centre for Environmental Research - UFZ), Dr. O. Schenker (ENTRACT project, Centre for European Economic Research - ZEW) and Dr. J.D. Rinaudo (WaterCap&Trade project, French Geological Survey). G. Delacamera chairing the session.

The Policy Think Tank (PTT) member Mrs. I. Lucius (WWF Danube-Carpathian Programme)

Plenary discussion, from left to right, the PTT members Dr. X. Leflaive (OECD), Mrs. J. Rakosi (Rakosi és Kiss Consulting), and Mr. F. Puma (Po River Basin Authority).

Review of the selected EPI-WATER results, from left to right, A. Kis, P. Defrance, and C. M. Gómez. Dr. M. Pulido-Velazquez (Genesis project, University of Valencia) chairing the session.

Welcome addresses by, from left to right, Dr. L. Latala (EC, DG ENV) and Prof. C. Carraro (University of Venice and FEEM). J. Mysiak chairing the session.
References


About EPI-WATER

**Full title:** Evaluating Economic Policy Instruments for Sustainable Water Management in Europe

**Funding instrument:** FP7 collaborative project (small or medium-scale focused research project)

**Total Cost:** 4,462,688 €  
**EC Contribution:** 3,472,438 €

**Duration:** 36 months (01/01/2011 – 31/12/2013)

**Consortium:** 11 partners from 9 countries

1. Fondazione Eni Enrico Mattei, Italy, http://www.feem.it [Coordinator]
3. Ecologic Institute, Germany, http://ecologic.eu/
5. Wageningen University, The Netherlands, http://www.wageningenuniversity.nl/uk/
9. Middlesex University, Flood Hazard Research Centre, United Kingdom, http://www.fhrc.mdx.ac.uk
10. Aarhus Universitet - National Environmental Research Institute, Denmark, http://www.dmu.dk/international/

**Key Words:** Water management, Economic policy instruments, ecosystem services, water efficiency

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