

Collaborative Research
programme on Economics for
WFD

Dr Jonathan Fisher
Economics Policy Manager
Environment Agency

WFD River Basin Characterisation

Draft methods and findings on:

www.characterisationqualityreview.org.uk

- Will be updated end March

For diffuse rural issues view (for rivers):

- Nutrients (N&P)
- Sediment
- Pesticides

View Morphology (rivers, lakes and transitional and coastal waters)

Economic Aspects of WFD

For overview - see EC Wateco Guidance

Article 5: BAU Projections of pressures

- Agriculture: Phase 1 report on www.environment-agency.gov.uk/economics
- Water Demand forecasts based on EA report in 2001 '*A Scenario Approach to Water Demand Forecasting*'

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Economic Aspects of the WFD

Article 4:

- Assess cost-effectiveness of measures
- Aid determination of whether or not they are disproportionately expensive

Article 9

- Assess recovery of environmental, resource and financial costs of water services

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WFD Collaborative Research Programme on economics

Aims and Objectives

- To develop **methods** to assess costs and benefits of options to aid decisions on River Basin Management for WFD
 - To assess cost-effectiveness of measures
 - To aid determination of whether or not they are disproportionately expensive
- A collaborative exercise with all key players

WFD Collaborative Research Programme on economics

- 10 collaborators (**Defra** (lead), WAG, SE, DTI, EA, SEPA, EN, UKWIR, Ports, RSPB)
- £1m (possibly more)
- Workshops (overall programme (spring 04)), CEA (Summer 04 + end 05); two for scoping review (06)

6 sequential projects (2004 - 2008)

1. Scope Decision-making context and processes (Final report soon)
2. Cost-effectiveness **methods** and analysis (under way (2004 - 5))
3. Scoping of disproportionately costly cases and how to assess their benefits (start TOR soon for 2005-6)
4. Focus group specification of benefits and concerns (2005-7)
5. Guidance for assessing benefits (2007-8)
6. New benefits studies (2007-8)

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Implications and Research Issues: Decision-making Context

- Quarry of wide range of possible POMs
- Analysis of decision-making contexts for plans and processes
- Work through existing plans and processes
 - Need to focus on processes that actually make the most imp decisions on most significant pressures
 - Need link national and local processes of plans
 - Examine consistency of economic appraisal processes for diverse plans and processes

Implications and Research Issues:

Cost-effectiveness study

How assess even-handedly costs and economic impacts and effectiveness across sectors, options and time allowing for:

- Different economic structures and circumstances (water ind - ind - agric - other diffuse sources)
- Uncertainties re effects and costs
- How scrutinise, collate and use data on CE in preparing POMs and RBMP?

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Possible complementary options for agriculture

- Direct regulation:
 - **Tightening consent conditions (eg abstractions)**
- Voluntary Agreements:
 - **Crop Protection Association re Pesticide**
- Advice, Education and information (eg on best practice): - **Network of CSF Catchment Officers.**
- Economic Instruments:
 - **Input tax on N and P in inorganic fertiliser (as funding mechanism for CSF)**

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Project 3: Key study on scoping

Aim = sound basis for assessing C+B of potentially disproportionately costly cases

- scope and characterise potentially disproportionately costly cases
- critical path analysis of when need info to aid decisions on them
- parties' concerns regarding assessing C+B (eg rigour, costs and value added benefits of assessments etc)
- Examine alternative methods wrt criteria from above

Project 4: Specification of Benefits

- In-depth discussions to clarify environmental benefits of options and specify them clearly and fully without double counting
- Link to existing valuation studies
- Precursor input to any new studies to fill gaps

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Conclusion: Links with RELU

Re Inputs to CRP studies (projects 1-6)

Links to RELU studies esp re overcome **methodological** challenges (esp projects 2, 5 and 6) for subsequent analyses of policy options

Ensure studies are well linked to best aid decision-making contexts (project 1) and the scope and nature of the problem (project 3)

Will keep RELU informed of progress