



Twinning Project

Implementation of the Water
Framework Directive in Croatia

Introduction to the Economic Provisions of the WFD

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The two Sides of the WFD

Water as part of the ecosystem

?

Water as an economic good



The Ecological View

**„An effective and coherent water policy
must take account of the vulnerability
of aquatic ecosystems ...“**

(Preamble No. 17)

**„This Directive aims at maintaining and
improving the aquatic environment in
the community“.**

(Preamble No. 19)



The Economic View

**„The use of economic instruments by
by Member States may be appropriate as
part of the programme of measures. The principle
of recovery of the costs ...
An economic analysis of water services ...
will be necessary for this purpose.“
(Preamble No. 38)**



Ecology and Economy: An ambivalent Relation

- Economy supports ecology: Cost recovery leads to an efficient water use

- Economy versus ecology: Exemptions (Article 4)

> Keep the ambivalence in mind!



Two Types of Economic Provisions

1. Economic provisions as decision making tools = helping to make technical/natural science decisions
> increasing eco-efficiency
2. Economic measures/instruments to achieve the objectives with:
 - Good water status
 - Good ecological potential
 - Efficient water use



Decision Making Tools

- Analysis of water use (Article 5)
- Baseline Scenario (Annex III)
- Cost-effectiveness of measures (Article 11)
- Disproportionate costs as a justification for exemptions (Article 4)
- ...



Economic Measures/Instruments

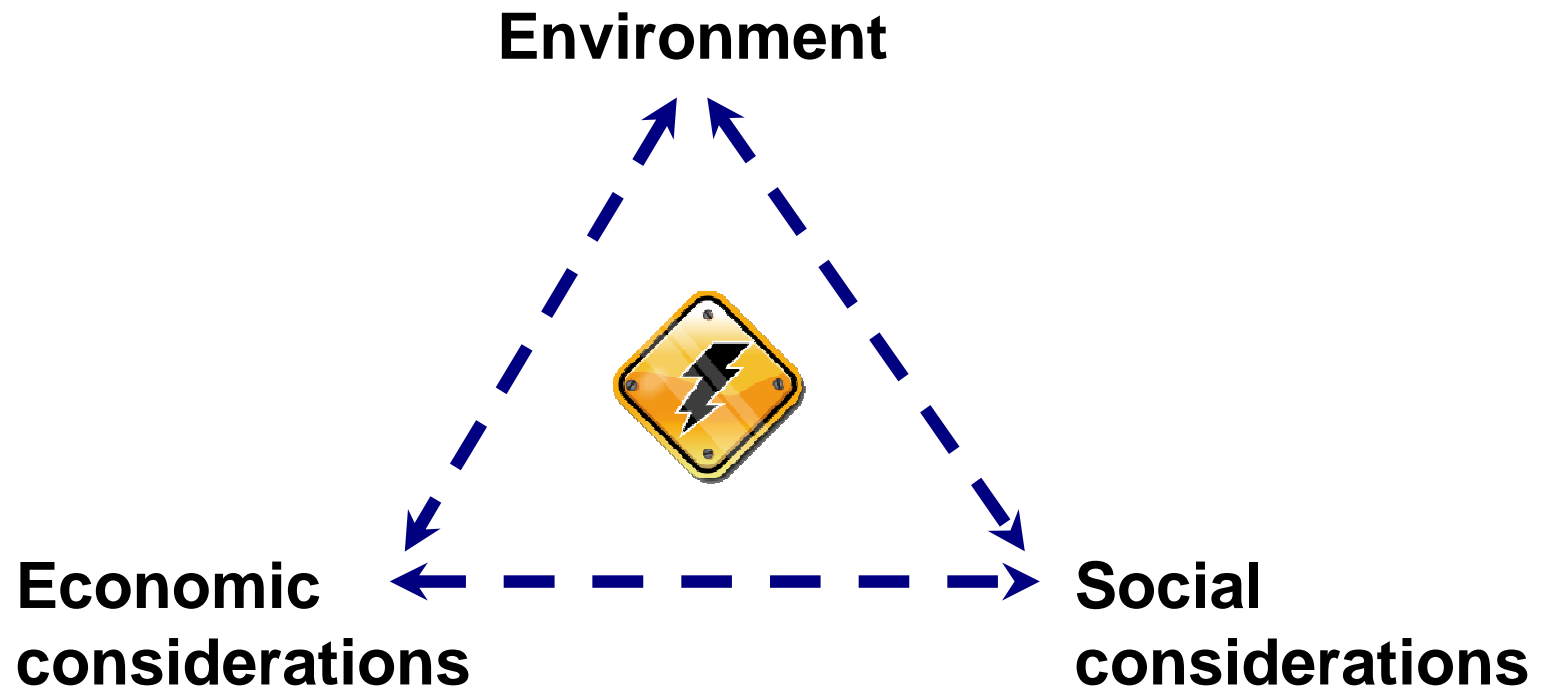
- ❑ Article 9:
Water-pricing policies providing incentives to use water efficiently, e.g. a water price based on consumption (volumetric pricing)

- ❑ Article 9:
Recovery of the costs of water services

- ❑ Annex VI B (supplementary measures):
Economic or fiscal measures, e. g. water abstraction charge or waste water charge



The Sustainability Triangle





Potential Conflicts within the Triangle

- ❑ Exemptions I (ecology versus economy): Extending the time limit to achieve good water status or even aiming to achieve less stringent environmental objectives (Article 4)
- ❑ Exemptions II (ecology versus social considerations): Disproportionate costs and the ability to pay as a criterion to justify exemptions (Article 4)
- ❑ Cost recovery (economy versus social considerations): Having regard to the social effects of the recovery (Article 9)



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**Finding more
potential conflicts in the WFD?**