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[www.ntua.gr/en\\_index.htm](http://www.ntua.gr/en_index.htm)

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[www.fhrc.mdx.ac.uk](http://www.fhrc.mdx.ac.uk)

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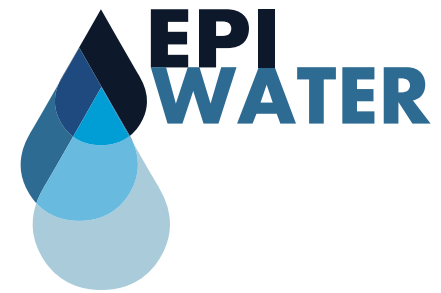
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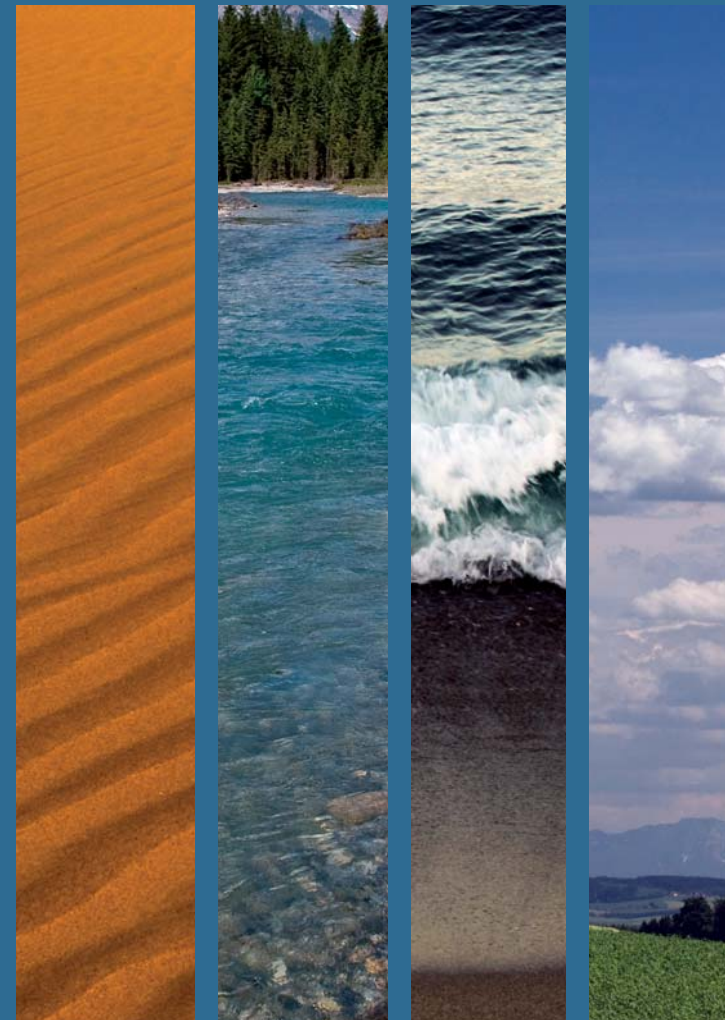
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## Evaluating Economic Policy Instruments for Sustainable Water Management in Europe



# EPI-WATER

## Evaluating Economic Policy Instruments for Sustainable Water Management in Europe

Economic policy instruments (EPIs) have received widespread attention over the last three decades, and have been increasingly implemented to achieve environmental policy objectives. However, whereas EPIs have been successfully applied in some policy domains (such as climate, energy and air quality), their application to tackle water management issues (drought/water scarcity, floods, water quality control) are beset by many practical difficulties. EPI-Water sets out to assess the effectiveness and the efficiency of Economic Policy Instruments in achieving water policy **goals**, and to identify the preconditions under which they complement or perform better than alternative (e.g. regulatory or voluntary) policy instruments.

# WHY EPI-WATER?

Analysing the **effectiveness** of EPIs in achieving the objectives of EU water policy requires linking decision making processes, behavioural changes and economic principles to the hydrological and ecological dimension of water management. Indeed, while much (economic-driven) research focuses on how EPIs influence decisions of individual economic sectors and their water demand or pollution, attempts to translate these variations into changes in the hydrological cycle or in the ecology of aquatic ecosystems are very rare.

EPI-WATER will:

**1- use multidisciplinary and integrated scientific expertise and methods and tools** to combine and integrate decision making (economics, sociology, psychology, etc.) and biophysical processes (hydrology, ecology, etc.);

**2- develop a comprehensive multi-dimensional assessment framework** that will help to compare in a systematic manner, the advantages and disadvantages of EPIs (or a combination of EPIs). In addition to effectiveness/cost-effectiveness and efficiency, the framework will include equity and distributional impacts, applicability and implementability, transaction costs, etc;

**3- perform the ex-post assessment of a large variety of EPIs** that are **applied in Europe** but, for some of them, poorly analysed and understood. This assessment will follow the lines of the above mentioned assessment framework so that comparative analyses of results can be performed adequately and bring results which can be shared and discussed;

**4- mobilise knowledge exchange from non-EU countries, amongst which Australia, US and Chile;**

**6- Analyse a number of in-depth case studies** addressing water scarcity and drought, pollution and biodiversity and ecosystem services under a diversity of environmental, cultural, socio-economic and institutional conditions.

**7- explore the use of National Accounts and give advice on its design** in order to inform policy discussions;

**11- establish a Policy Think Tank** that will help to identify the most promising EPI and contribute to finalising the assessment framework so it responds to priority policy needs and;

**12- draw on high level academic and applied research, and expertise in European water policy.**