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EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT

Accompanying the document

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

A Blueprint to Safeguard Europe's Water Resources

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Introduction

The EU has developed over several years a comprehensive water policy that has gradually shifted from addressing mainly health concerns to the environmental impacts of major water-using sectors. Since 2000, with the adoption of the Water Framework Directive (WFD), water policy has made another step-change taking an integrated approach to water management, on the basis of the concept of 'river basin management' aimed at achieving good status of all EU waters by 2015.

The Impact Assessment (IA) of the Communication "A Blueprint to Safeguard Europe's Water Resources" (the 'Blueprint') brings together several assessments, identifies the key challenges for water resources management and evaluates alternative policy options for action at EU level. This executive summary highlights the key messages from the main report.

1. PROCEDURAL ISSUES AND CONSULTATION OF INTERESTED PARTIES

The Blueprint is included in the Commission Work Programme 2012 under *2012/ENV/005*. The drafting of the IA relied on a wide internal and external consultation process. It benefited from contributions from an inter service group, and from the recommendations of the Impact Assessment Board.

Stakeholders were involved in the IA process at an early stage through the established Common Implementation Strategy for the Water Framework Directive (CIS – WFD) that brings together the Member States, the Commission, the acceding, (potential) candidate and EEA countries as well as stakeholders and NGOs. A stakeholder conference (3rd EU Water Conference) took place on 24-25 May 2012 to discuss draft policy options. Two 12-week public consultations took place: the first, on the Fitness Check of Water Policy, between 6/12/2011 and 27/2/2012 and the second, on policy options, between 16/3/2012 and 8/6/2012.

Overall, stakeholders were supportive of non-legislative EU action to tackle water problems. This included support for guidance and tools in relation to water balances, target setting and cost-recovery, as well as action on improving information and reporting efficiency. Some legislative options were also supported, such as a possible new regulation on water re-use standards. On introducing additional conditionality into EU funding, such as the Common Agricultural Policy (CAP), there were strongly divergent views, although in each case the majority supported introducing further conditionality. There was also strong support for using different EU funds to support measures.

2. POLICY CONTEXT, PROBLEM DEFINITION AND SUBSIDIARITY

The WFD established a legal framework to achieve sustainable water management in the EU.The WFD is implemented through six-year recurring cycles. Member States were required to deliver their first River Basin Mangement Plans (RBMPs) by the end of 2009 and shall review these plans every 6 years. The Programmes of Measures (PoMs) developed under the plans have to be operational by the end of 2012.The 2nd cycle RBMPs need to be in place by the end of 2015. By 2019, the WFD should be reviewed and, if necessary, revised.

European waters face several challenges, detailed in the State of Water Report:

- The information reported in the first RBMPs indicates that more than half of the surface water bodies in Europe are in less than **good ecological status**, and will need additional measures to those established under other directives (Nitrates, Urban Waste Water, Industrial Emissions) to meet the WFD objectives.

- **Water scarcity** is spreading in Europe. Large areas, particularly in the south of Europe, are affected by water scarcity, while competing uses are increasing demand across the continent.

- The frequency and intensity of **floods and droughts** and their environmental and economic damage appear to have increased over the past thirty years. This can be attributed both to climate change and other anthropogenic pressures (e.g. land use changes).

Significant pressures on EU waters derive from the discharge of pollutants, hydro-morphological alterations and water abstraction, which are mainly due to demographic growth, land use and economic activity. To counter this, there is a need for further implementation of water resource management measures to improve water resource efficiency and sustainability, including:

- **Natural Water Retention Measures** (NWRM) to safeguard and enhance the water storage potential of soil and ecosystems, delivering co-benefits, in particular biodiversity protection, disaster prevention, climate change adaptation and mitigation.

- **Water efficiency** measures which are often a sustainable and cost-effective method to deal with water stress situations as they offer, for instance in buildings, a significant energy saving potential associated with water savings.

- **Alternative water supply** such as water re-use or desalination.

In line with the principle of subsidiarity, the Blueprint focuses on problems and policy instruments that are relevant for **water management at EU level**, taking also into account the evaluation performed in the context of the Fitness Check, the assessment of the RBMPs and the review of the Water Scarcity and Droughts (WSD) policy. The following 4 problem categories with 12 key problems have been identified.

- **First, there is insufficient use of economic instruments to address market failures** that prevent the implementation of the above-mentioned measures. In particular:

(1) Current **pricing** schemes in Europe often fail to combine the objectives of efficiency and fairness and do not allow a sustainable degree of cost recovery for the financing of the measures.

(2) There is insufficient **metering** of water consumption in spite of the fact that this is a necessary pre-condition for the implementation of incentive pricing policies.

(3) There is insufficient consumers and businesses awareness of the issue of embedded water and a lack of adequate **labelling** schemes, in particular for globally traded goods.

- **Second**, there is a risk that the WFD goals will not be achieved because of a **lack of integration and coherence with other policy areas**, including agriculture, cohesion, industry and land use planning. For the CAP and Cohesion policy there is a potential for further policy integration that can emerge from the implementation of the proposed EU multi-annual financial framework. However, further support is needed:

(4) for integration of **land use measures**,

(5) for **water efficiency in buildings and appliances**,

(6) to address **leakages in water infrastructures** and

(7) for the uptake **of water re-use** through common EU standards.

- **Third**, it is necessary to improve currently **ineffective governance** by:

(8) Addressing ineffective **water planning and management** in order to tackle coordination problems, as this can affect the setting of overall objectives for catchments as well as the cost-effective application of individual measures and instruments.

(9) Developing proper dataset and a consistent methodology for calculating **water balances, ecological flows and targets**.

(10) Improving **drought risk management** planning in some Member States to meet the challenge of protecting economies and society from drought impacts.

- **Fourth,** there is a need t address **knowledge gaps:**

(11) There are considerable information gaps, particularly with regard to a consistent methodology to calculate **costs and benefits** of the POMs or of the lack of action.

(12) When information is available, there are still problems with consistency, **dissemination and accessibility** at the appropriate level of decision making l. There is also room for improving efficiency in the current statistic and reporting requirements.

These EU wide water management problems are hampering the achievement of good status and the reduction of water stress and vulnerability to extreme events. This has negative impacts on the water environment and, as a consequence, on biodiversity and ecosystems. Moreover, there are substantial socio-economic impacts: a number of economic sectors (food and energy production, transport, tourism and recreation services) are directly dependant on availability of water of specific quality levels and on water-related ecosystem services. Extreme events such as floods and droughts also cause very substantial damage to economic sectors and the population more generally. Impacts are often concentrated in lower income

countries and in regions with low levels of development, in particular rural areas, due to a lower rate of implementation of drinking water and waste water treatment regulations, to weak enforcement or absence of land-use planning in flood-prone areas, and lower access to water saving technologies and know-how. Moreover, access to safe drinking water and sanitation must be considered within a human rights framework.

3. OBJECTIVES

The Blueprint presents the policy response to the challenges described above with the long-term aim **to ensure availability of good quality water for sustainable and equitable water use**. This contributes to all 3 dimensions of the Europe 2020 strategy (Smart, Sustainable and Inclusive Growth. To achieve this objective, it is necessary to implement at EU level a balanced approach, focusing on:

- **Achieving Good Status** in EU water bodies by 2015 as a rule, or by 2027 at the latest for specific water bodies covered by WFD exemptions

- **Reducing water stress** taking into account the need to maintain ecological flows at a level compatible with the achievement of WFD objectives

- **Reducing vulnerability** to climate change and extreme events

For water stress and vulnerability, concrete objectives have to be established at river basin level and integrated into the the 2nd round of RBMPs.

Four sets of **specific objectives** that mirror the above-mentioned four categories of water management problems have been identified. They are:

– Increasing the **use of economic instruments** for a better allocation of resources and internalisation of external costs.

– Fostering **integration** of water concerns into sectoral policies to ensure a further uptake of **natural water retention measures**, water efficiency measures in **building** and **appliances**, **water re-use** and tools to decrease **leakages** in water supply infrastructure.

– Achieving a **more efficient water governance** and effective working relationship between institutions, and fully integrate water quality, quantity and hydromorphology concerns in water management.

– **Improving knowledge and tools** available to water managers, enabling effective decision making and reducing administrative burden.

4. POLICY OPTIONS

The policy options assessed for the Blueprint aim at providing a "toolkit" for the Member States, supporting the implementation of the most relevant measures, and can be grouped under 4 different approaches:

– A first set of options consists of a **voluntary approach** which includes the development of a variety of different tools and guidance to support practical water management at EU and River basin levels.

– Options under a **regulatory approach** aim to achieve many of the same objectives to support practical water management, but through legislative means.

– Other options are about fully exploiting the possible **conditionality** for the post-2013 CSF Funds (ERDF, CF, EAFRD) and for the CAP pillar I funding, in accordance with the Commission proposals on the CAP reform and on the Multiannual Financial Framework (MFF).

– Finally, other options aim to ensure **priority** for sustainable water management in the spending of CSF Funds and EIB loans. This option does not entail any change to the current policy framework in the Multiannual Financial Framework as proposed by the Commission but can only materialise if water priorities are taken up by the MS in expenditure programming and planning

37 policy options have been identified for the above-mentioned 4 categories of problems and 12 key issues. This preliminary list of options was submitted to public and stakeholder consultation and has been further assessed with a view to identifying the preferred package of options. The 37 options are presented below, in connection with the specific objective they respond to and under the policy approach in which they are embedded.

Table 1: List of options considered in the Impact Assessment - options in red and underlined are retained

	Approaches			
specific objective	**a) Voluntary**	**b) Regulation**	**c) Conditionality**	**d) Priority in funding**
1 pricing	**Guidance for trading schemes**	n/a	**Inclusion in cross compliance CAP Pillar I**	n/a
2metering	**Use of GMES**	**Amendment WFD**	**Inclusion in cross compliance CAP Pillar I**	n/a
3 labelling globally traded goods	**Voluntary labelling**	**Mandatory labelling**	n/a	n/a
4 NWRM	**CIS Guidance**	**Amendment WFD**	**Under CSF implementing rules**	**Under CSF & EIB loans**
5.1 Appliances/Water related products	**Voluntary labelling**	**Mandatory labelling** **Inclusion in Ecodesign work programme**[1]	n/a	n/a
5.2 Buildings	**Voluntary rating**	**Mandatory rating** **Minimum requirements** **Directive**	n/a	n/a
6 Leakages	**Guidance**	n/a	n/a	**Under CSF & EIB loans**
7 Water reuse	**CIS Guidance** **CEN standard**	**Regulation**	n/a	**Under CSF & EIB loans**
8 Governance	**Peer review**	**Amendment WFD** **Amendment SEA Directive**	n/a	n/a
9 Target setting	**CIS guidance**	**Amendment WFD**	n/a	n/a
10 Droughts planning	**Recommendation**	**Amendment WFD** **Droughts Directive**	n/a	n/a
11 Costs and benefits	**CIS Guidance**	**Amendment WFD**	n/a	n/a

[1] The inclusion of water using devices is been discussed in the context of the Ecodesign Directive Work Plan 2012-2014,.

	Approaches			
specific objective	**a) Voluntary**	**b) Regulation**	**c) Conditionality**	**d) Priority in funding**
12 Knowledge dissemination	**Further development WISE**	**Review reporting & statistic legal requirements**	n/a	n/a

5. IDENTIFYING THE PREFERRED OPTIONS PACKAGE AND ITS IMPACTS

The assessment of the options can be considered as a screening of the various approaches for each of the 12 issues identified. On the basis of the assessment performed, it appears that in most of the cases, the most appropriate options fall under a guidance approach. The regulatory approach is recommended for only 3 issues (water efficiency in appliances/water related products, water re-use and knowledge dissemination) as the current policy context, in particular with respect to the implementation of the WFD and the MFF, leads to postponing most of the regulatory and conditionality policy options to a later stage. The preferred options are those in red and underlined in table 1.

It shall be stressed that the elements that would entail legislative changes will not be proposed together with the Blueprint, but will be the subject of further analysis and would only be proposed on the basis of an instrument-specific impact assessment.

The proposed guidance and tools would explore the interaction with specific **economic instruments** and how to integrate these in River Basin, Floods and Droughts Management Plans. They would provide information to support increased use of economic instruments. However, the proposed package is not binding and the further uptake of such instruments is not guaranteed.

The package proposed promotes wider **integration of water into sectoral policies** through guidelines, improved planning and target setting tools that cover various aspects of sectoral integration. It will enable water management concerns to be better taken into account in the project selection applicable for CAP and Cohesion Policy funding. However, there is no guarantee that measures will be implemented, as implementation remains voluntary.

The guidance included in the proposed package, e.g. on water trading and on water balances/targets, as well as the envisaged peer review system would address the efficiency of **governance** in water resources planning leading to increased transparency and more effective decision making. Unnecessary burdens from existing reporting requirements under EU water law would be removed.

The proposed package includes a wide range of guidance and new tools to address the most pressing needs facing water managers. Information on water balances and ecological flows would close major **knowledge** gaps for water managers. Improved information platforms and information provision at EU level would provide greater access to more timely and interoperable data to deliver more effective water management decisions and policy development at EU, national and river basin levels. However, uptake is voluntary.

The proposed package improves **efficiency of EU water policy** by filling the knowledge gaps, improving governance and focusing reporting requirements to decrease admininstrative burden. It leaves flexibility to tailor instruments to situations where cost-effectiveness is high. Amendments that could be proposed to water law reporting requirements would overcome the existing coherence problems. The proposed package would increase coherence between relevant EU policies (in particular CAP, Cohesion, Health and Energy).

The proposed package will contribute to address the problems of ecological status of EU waters, water stress and vulnerability to extreme events. The modelling work undertaken for the Blueprint, together with the assessment of individual measures, provide elements for the assessment of the **economic, environmental and social impacts** of the implementation at EU level of the different categories of measures, in particular of the efficiency gains throughout the economy through land-use management measures, improved water efficiency and ensuring the availability of clean water. However, the actual impacts of the measures will only be apparent at the level of each of the 110 EU river basins which is the pertinent level of analysis. The tools developed in the context of the Blueprint (water balances, hydro-economic modelling, database of measures) will support Member States to perform this analysis in the context of the preparation of the next RBMPs and to choose the most appropriate combination of measures.

6. MONITORING AND EVALUATION

The implementation and monitoring of the Blueprint will rely on the WFD **Common Implementation Strategy**[2] (WFD-CIS) as a platform. Implementation will take place in two phases that correspond to the two forthcoming periods of the CIS:

- In the first phase (2013-2015), the objective will be to influence the **preparation of the next RBMPs**, to be submitted by Member States by the end of 2015, and to strengthen the knowledge base and tools that will support the assessment of these plans and the review of the WFD.

- The second phase (2016-2018) will be dedicated to the assessment of these plans and the **preparation of the review of the WFD**

A **Blueprint Scoreboard** will be developed to monitor the implementation of the Blueprint proposals and evaluate progress. It will be discussed every year by the CIS Strategic Coordination Group and by Water Directors.

[2] http://ec.europa.eu/environment/water/water-framework/objectives/implementation_en.htm