



First EPI-Water Conference in Berlin

Event

[Conference](#)

Date

26 - 27 January 2012

Location

Berlin, Germany

The first conference of the EPI-Water Project, entitled "Understanding the Application of Economic Policy Instruments in Water Management", was organized and hosted by Ecologic Institute on 26 and 27 January 2012 in Berlin. EPI-Water is funded by DG Research & Innovation of the European Commission. Participants of this event included members of academia, consultancies, NGOs, international organizations, EU institutions, and other government representatives and water managers.

Conference Background

Water management is increasingly facing challenges. While the demand for water is constantly increasing, the supply of water in the required quality and quantity is stressed by the accumulation and intensification of diverse factors, such as unsustainable agricultural and urban activities, inefficient allocation, and governing institutions that fail to adapt. In addition, climate change will aggravate reliable water availability for many generations to come. In this context, economic policy instruments (EPIs) have received widespread attention over the last three decades and are increasingly used to implement and achieve environmental policy objectives. While EPIs have been successfully applied in some specific policy domains such as climate, energy, and air quality, they are less widely applied to tackle issues related to droughts/water scarcity, floods, and water quality control initiatives that tend to have many practical difficulties.

The [EPI-Water project](#) aims to assess the potential effectiveness and the efficiency of EPIs to achieve water policy goals. The project also seeks to identify the preconditions under which EPIs complement or out-perform alternative policy instruments (e.g. regulatory or voluntary).

As of March 2012, Ecologic Institute has completed the following deliverables:

- [Proceedings](#) of the First EPI-Water conference, which took place in Berlin on 26 and 27 January 2012
- Overall [Assessment Framework](#) (co-author) (WP2), a conceptual report to guide empirical case studies and the overall project
- Three case studies (WP3):
 - [Abstraction Charge and Compensation Payments in Baden-Württemberg](#)
 - [The Effluent Tax in Germany](#)
 - [Green Hydropower in Switzerland](#)

- EX-POST Case Studies: [Comparative Analysis Report](#) (lead-author) (WP3), which draws lessons from all the case studies conducted during the third phase of the project (WP3) in Cyprus, Denmark, France, Germany, Hungary, Italy, the Netherlands, Spain, Switzerland, and the United Kingdom, as well as Australia, Chile, China, Israel, and the USA.

This conference took place in the context of the upcoming publication “The Blueprint to Safeguard Europe’s Water”, developed by the European Union. The Blueprint aims to assess the implementation and achievements of current water policies in Europe and is expected to set the basis for future water policy in Europe.

Conference Approach

The conference enabled project partners to present and discuss the recently concluded global case studies regarding the application of EPIs in water management. These case studies include an ex-post assessment of 30 economic instruments in Cyprus, Denmark, France, Germany, Hungary, Italy, the Netherlands, Spain, Switzerland, and the United Kingdom in addition to Australia, Chile, China, Israel, and the USA.

Based on a common multi-dimensional assessment framework, the aim of this workshop was to identify the relevant hydrological, socio-economic, cultural, and institutional conditions under which EPIs can operate effectively and efficiently as well as conditions that limit the risk of implementation failure.

The four **main topic areas** covered at the conference included:

- Addressing water quantity issues
- Tackling water quality concerns
- Sustainable development of hydropower and protecting aquatic systems
- Innovative water policy instruments applicable in Europe.

Based on these topics, the participants identified several lessons for the application of EPIs to solve water management challenges. Some of the **findings** are:

- EPIs should be seen as part of a new approach to water policy.
- The failure of an EPI does not necessarily imply that the instrument itself is flawed, but can rather be seen as an opportunity to improve its delivery mechanism.
- EPIs can help create incentives for behavioural changes of water polluters and consumers.
- Pricing and trading schemes as well as payments for environmental services are not always easy to implement.
- Trade-offs must be carefully considered. For instance, in the context of water scarcity and drought, water markets have generally managed to increase the efficiency of water allocation, as the case in Australia makes clear. However, the efficient use of water must be carefully considered because systems that do not limit marketable volumes to consume water increase negative externalities and environmental threats (i.e., increase pressure on water resources).
- The definition of water rights remains a critical issue in most of the covered case studies.
- Advances in innovative EPIs may enhance their performance and the advances need to be combined with improved understanding of which EPIs work well in isolation or as part of a wider policy mix. These challenges will be explored in the coming phase of the EPI-Water project, "Ex-Ante: In-depth evaluation of selected economic instruments".

Presentations made by Ecologic Institute during the conference include:

- [Presenting the European and Non-European EPI-Water Case Studies](#) (Manuel Lago)
- [Effluent Tax in Germany](#) (Manuel Lago and Jennifer Möller-Gulland)
- [Water Abstraction Charges and Compensation Payments in Baden-Württemberg \(Germany\)](#) (Jennifer Möller-Gulland)
- [Green Hydropower in Switzerland](#) (Manuel Lago and Thomas Dworak)

The complete [agenda of the conference](#) [pdf, 340 KB, English], as well as the [conference proceedings](#) [pdf, 1.6 MB, English], can be downloaded here.

All the presentations of the conference are available on the [EPI-Water project website](#).

Funding

European Commission, [Directorate-General Research & Innovation](#) (DG Research & Innovation), International

Organizer

[Ecologic Institute](#), Germany

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Project

[Evaluating Economic Policy Instruments for Sustainable Water Management in Europe \(EPI-Water\)](#)

Keywords

[Economics](#)

[Water](#)

[Events](#)

[Evaluation](#)

Economic policy instruments, Water management, Environmental accounts, Flood, Excess water, Water scarcity/drought, Water pollution, Water price, Pollution tax and charges, Ecosystem service payment, Focus on EU, inclusion of Non-EU case studies

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