

First Annual Activity and Management Report  
AquaMoney, contract no. SSPI-022723  
Reporting period 1 April 2006 – 31 March 2007

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# Colophone



SIXTH FRAMEWORK PROGRAMME

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## Executive Summary

This is the first annual report of the European project AquaMoney (contract n° SSPI-022723) funded under the European Commission Directorate-General Research Sixth Framework Programme, covering the reporting period 1<sup>st</sup> of April 2006 until and including 31<sup>st</sup> of March 2007. The project AquaMoney aims to develop and test practical guidelines for the assessment of environmental and resource costs and benefits in the European Water Framework Directive (WFD). More specifically, a protocol for good practice will be developed for the use of economic values related to environmental and resource costs and benefits under different European water management conditions at water body, national and international river basin scale. Sixteen European economic valuation experts have joined their forces in the project with the primary objective to provide more guidance than currently is the case regarding their definition, role and assessment in the context of the WFD. Special attention will be paid to the economic assessment of the market and non-market benefits of WFD implementation, water pricing and the role of environmental and resource costs and benefits in relation to 'disproportionate costs' (WFD, article 4).

In order to achieve the project's main objective, the work plan in the available 3 years looks broadly as follows:

- Year 1: development of draft guidelines;
- Year 2: testing of the draft guidelines in 10 practical case studies in 14 European Member States;
- Year 3: refinement of the final guidelines and dissemination.

The draft guidelines produced by the expert group in the first year will be tested in the second year in 10 regional, national and international river basins across European Member States. The results from these tests are used in the third and final year to refine the draft guidelines and provide at the same time practical examples illustrating the key methodological issues in the assessment of the environmental and resource costs and benefits in the WFD.

AquaMoney will not produce one single 'guideline'. The AquaMoney guidelines effectively consist of three parts, each with its own dissemination channel and target group:

- (1) Technical guidelines focusing on specific methodological issues in water valuation for economists;
- (2) Based on (1), Terms of Reference for policy advisors commissioning economic valuation research;
- (3) Non-technical policy briefs for policy makers and other stakeholders.

The final project outcomes will be presented at an international conference in March 2009. In order to ensure that the expertise and capacity in the AquaMoney project is used to its fullest and the outcomes are adequately embedded in the WFD implementation process the coming years, the project will disseminate intermediate products and outputs through short policy briefs, where possible illustrated with practical examples, and the project's Advisory Committee. This international Advisory Committee consists of representatives from DG Research, DG Environment, the international Danube, Rhine and Scheldt Commission, the Greek, Dutch and German Environment and Water Ministries, the Swedish, Norwegian and UK Environment Agencies and the French Water Agency.

During the first project year, the project group has worked specifically on:

- (i) the definition of environmental and resource costs and benefits;
  - (ii) their role in the WFD and policy maker demand for more guidance on their definition and assessment;
  - (iii) the draft technical guidelines to assess environmental and resource costs and benefits;
  - (iv) available economic value estimates in the existing international water valuation literature.
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The most important achievements and outputs in the first year are correspondingly:

- (a) A definition note about environmental and resource costs and benefits and their role in the WFD;
- (b) Draft technical guidelines;
- (c) An inventory of the current role of environmental and resource costs and benefits across the EU member States and policy and stakeholder demand for more guidance on their assessment.

These achievements and outputs were presented and discussed with the international project Advisory Committee during the second plenary project meeting in Berlin at the end of the first project year.

The questionnaire survey was carried out to identify WFD policy and decision-maker and stakeholder demand for more guidance on the assessment of environmental and resource costs and benefits and the specific content of the AquaMoney guidelines. The survey was completed by 40 different European policymakers and stakeholders in more than 15 European Member States. The survey results show a clear interest in the AquaMoney project and its deliverables. The expectations regarding the AquaMoney guidelines are that they provide practical, hands-on guidance, illustrated by practical case study examples, for the use of - where possible - existing and transferable economic value estimates specifically related to the WFD issue of disproportionate costs and in the context of full cost recovery.

Based on the achievements during the first project year, work continues in the second project year in the 10 AquaMoney case studies where a common valuation design is developed for the following three main water management issues across EU Member States: water quality, water scarcity and ecological restoration of water systems. These case study results will be available together with a European database of existing economic value estimates for a wide range of surface and groundwater goods and services by the end of the second project year.

More project information including the project deliverables can be obtained from the project website [www.aquamoney.org](http://www.aquamoney.org) or the project coordinator Roy Brouwer at the Institute for Environmental Studies, Vrije Universiteit Amsterdam ([roy.brouwer@ivm.vu.nl](mailto:roy.brouwer@ivm.vu.nl)).

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## 1. Project objectives and major achievements

The project AquaMoney aims to develop practical guidelines for the economic valuation of environmental and resource costs and benefits related to water use and water services to be included in the economic analysis in the WFD. More specifically, a protocol for good practice will be developed for the use of economic values related to environmental and resource costs and benefits under different European water management conditions at water body, national and international river basin scale. The definition, estimation and use of environmental and resource costs and benefits in the WFD are still surrounded by a lot of discussion, despite their definition and description in the 2002 Wateco guidelines and the 2004 ECO2 information sheet.<sup>1</sup> It is not so much the general idea that water use imposes a cost on the water environment and those who use this environment, which often remains unaccounted for in policy and decision-making that is disputed. Reasons for debate are primarily (1) the explicit distinction between environmental costs and resource costs, (2) their practical measurement, either through cost or benefit based approaches, and (3) the extent to which these costs have already been accounted for in existing pricing and financing mechanisms. The European economic valuation experts participating in the project AquaMoney aim to provide more guidance than currently is the case regarding their definition, role and assessment in the context of the WFD. Special attention will be paid to the economic assessment of the market and non-market benefits of WFD implementation, water pricing and the role of environmental and resource costs and benefits in relation to 'disproportionate costs' (WFD, article 4).

In order to achieve the project's main objective, the work plan in the available 3 years looks broadly as follows:

- Year 1: development of draft guidelines;
- Year 2: testing of the draft guidelines in 10 practical case studies in 14 European Member States;
- Year 3: refinement of the final guidelines and dissemination.

During the first project year, the project group has worked specifically on (i) the definition of environmental and resource costs and benefits; (ii) their role in the WFD and policy maker demand for more guidance on their definition and assessment; (iii) the draft technical guidelines to assess environmental and resource costs and benefits; and (iv) available economic value estimates in the existing international water valuation literature.

The most important achievements and outputs in the first year are correspondingly (a) a definition note about environmental and resource costs and benefits and their role in the WFD; (b) draft technical guidelines; (c) a survey investigating the current role of environmental and resource costs and benefits across the EU Member States and policy and stakeholder demand for more guidance on their assessment. These achievements and outputs were presented and discussed with the international project Advisory Committee during the second plenary project meeting in Berlin at the end of the first project year.

A questionnaire survey was carried out to identify WFD policy and decision-maker and stakeholder demand for more guidance on the assessment of environmental and resource costs and benefits and the specific content of the AquaMoney guidelines. The survey was completed by 40 different European policymakers and stakeholders in more than 15 European Member States. The survey results show a clear interest in the AquaMoney project and its deliverables. The expectations regarding the AquaMoney guidelines are that they provide practical, hands-on guidance, illustrated by practical case study examples, for the use of - where possible - existing and transferable economic value estimates specifically related to the WFD issue of disproportionate costs and in the context of full cost recovery.

Based on the achievements during the first project year, work continues in the second project year in the 10 AquaMoney case studies where a common valuation design is developed for the following three main water management issues across EU member States: water quality, water scarcity and ecological restoration of

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<sup>1</sup> ECO2 was a drafting group established in 2003 under Working Group B Integrated River Basin Management in the WFD Common Implementation Strategy to address and advise the Working Group B on the specific issue of environmental and resource costs.

water systems. These case study results will be available together with a European database of existing economic value estimates for a wide range of surface and groundwater goods and services by the end of the second project year.

## 2. Workpackage progress

In this section, progress in each work package (WP) during the first project year will be detailed. The project consists of 6 WPs, including one WP specifically for overall project management and coordination:

- WP 0 – Overall coordination and management
- WP 1 – Identification of policy maker demand
- WP 2 – Database development & meta-analysis
- WP 3 – Guideline development
- WP 4 – Guideline testing in practical case studies
- WP 5 – Communication and dissemination

### 2.1 WP 0 - Overall project coordination and management

The main objective of WP0 is to deal with the overall project co-ordination, manage the essential links between the various WPs, take care of the contractual links between partners, prepare financial and other interim reports to be sent to the European Commission, formalize WP activity reports received from the various WP leaders and their submission to the Commission according to the terms of reference of the contract, scheduling, preparing, organizing and facilitating international project meetings and workshops and the final conference. During the first year progress has been made in the following sub-activities:

#### Activity 0.1 - Overall administrative co-ordination

At the beginning of the project the coordinator formalized the contract agreements, including the signing of the Consortium Agreement, with all project partners and allocated the received budget from the EC across all project partners (see section 7). Official name changes of the Danish project partner were communicated to the EC via the project coordinator. The project coordinator informed all project partners in an early stage about the template and format of the necessary information for the annual progress reports. A professional designer was hired by the project coordinator to develop the project logo and the project report 'house style'.

#### Activity 0.2 – Overall coordination and management of the work carried out in the WPs

The project coordinator has frequent contact with the WP leaders about progress. A regular update of project progress is circulated by the coordinator to all project partners, including the scientific officer from the EC, on almost a monthly basis. The coordinator furthermore chaired the Scientific Council (SC) meetings at the beginning and the end of the first project year during the international project meetings in Amsterdam and Berlin (see below). During the SC meetings, overall project progress and progress in the different WPs is discussed, including possible bottlenecks.

In order to ensure and maintain good contacts and interlinkages between partners and WPs, a number of additional coordination efforts took place during the first project year. For example, the drafting of the AquaMoney guidelines (WP3) was planned and carried out at the Institute for Environmental Studies together with researchers from the University of East Anglia, who visited IVM for this purpose in 2006 and early 2007.

The project coordinator visited the Spanish partner to discuss the set-up of the case studies in WP4, and a Spanish PhD student works on the first AquaMoney test case (presented at the second plenary AquaMoney project meeting in Berlin) stays at IVM since October 2006 and is supervised by the coordinator. The Norwegian partner involved in WP2 (UMB) visited IVM in December 2006 to discuss and coordinate progress in this specific WP. Finally, the coordinator closely collaborated with the German partner Ecologic in WP1 and WP5 on the design of the policy survey and the set-up and content of the project website. Plans have been made in the first project year for the WP1 and WP5 leader to visit the coordinator in Amsterdam in the second project year to work together on the AquaMoney policy briefs.

### Activity 0.3 – Organization of international project meetings

The following plenary project meetings took place during the first project year:

- 4-5 April 2006: Kick-off meeting in Amsterdam with the entire project team (all consortium partners) and a meeting of the Scientific Committee. The kick-off meeting was also attended by the scientific officer Mr. Zissimos Vergos.
- 26-28 March 2007: Second plenary project meeting in Berlin with the entire project team (all consortium partners) and a meeting of the Scientific Committee.
- 28 March 2007: Kick-off meeting of the Advisory Committee in Berlin.

An overview of the milestones and deliverables from WP0 is given in the table below.

No	Deliverable name	Work package no.	Date due	Actual/Forecast delivery date	Estimated indicative person-months	Used indicative person-months	Lead contractor
D1	Project presentation	0	Month 3 (June 2006)	Month 3 (June 2006)	0.5	0.5	1 (IVM)
D2	Annual report 1	0	Month 12 (April 2007)	Month 13 (May 2007)	1	1	1 (IVM)
D5	Report kick-off meeting	0	Month 2 (December 2006)	Month 2 (December 2006)	0.5	0.5	2 (Ecologic)
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No	Milestone name	Work package no.	Date due	Actual/Forecast delivery date	-	-	Lead contractor
1	Kick-off meeting	0	Month 1 (April 2006)	Month 1 (April 2006)			1 (IVM)
2	Second plenary meeting	0	12 (March 2007)	12 (March 2007)			2 (Ecologic)

## 2.2 WP 1 - Assessment of policy maker demand

The main objectives of Work Package 1 are to re-define the concept and role of environmental and resource costs and benefits in the WFD, provide an overview of how environmental and resource costs are currently dealt with across Europe, and identify policy maker demand for economic information in the assessment procedures for environmental and resource costs and benefits in the context of the WFD. During the first year progress has been made in the following sub-activities:

### Activity 1.1 - Definition of environmental and resource costs and benefits in the WFD

The working definition of environmental and resource costs and benefits was developed in mid-2006, based on the work of the CIS working groups WATECO and DG ECO2, and taking into account the discussions on this issue at the kick-off meeting. Following two rounds of comments and revision, the third revised version was submitted to the Commission as D12 in November 2006. The definition was presented and discussed with the Advisory Committee in March 2007.

### Activity 1.2 - Identification of the role of environmental and resource costs and benefits in the economic analysis in the WFD

In order to assess the current state of thinking on environmental and resource costs and benefits in the EU Member States, and their use in decisions related to Articles 4 and 9 WFD, a questionnaire was developed in mid-2006. The questionnaire comprises 18 questions grouped into five sections: Actors and Processes, Guidelines and Definitions, Expectations of Guidance Material, Analysis Methods, and Relevance of Economic Valuation, plus an explanation of key terms. A number of comments on the questionnaire received from project team. In addition, the questionnaire was pre-tested with selected policy makers to elicit feedback on structure, usefulness, level of detail etc. Based on this feedback, the questionnaire was revised in several iterations. The final version of the questionnaire (D13) was submitted to the Commission in November 2006.

The questionnaire was distributed to decision makers throughout Europe in December 2006 – January 2007. Recipients included decision makers in the case study areas identified by the project team partners, as well as the Members of the AquaMoney Advisory Committee. In several countries, the questionnaire was supported by in-depth interviews conducted with policy makers. In Austria, a workshop with decision makers was organised to elicit feedback around the issues addressed in the questionnaire.

Based on these activities, a total of 40 questionnaires were received. In several instances (e.g. UK, NL, Austria), these questionnaires represent (inofficial) country responses that have been accorded by a number of relevant decision makers within the agencies involved in WFD implementation. The questionnaires are furthermore supported by summary documents presenting additional information on the administrative structures in the respective countries.

Preliminary results of the assessment of policy maker demand were presented and discussed

- at the 2<sup>nd</sup> AquaMoney plenary meeting in Berlin in March 2007,
- at the 1<sup>st</sup> meeting of the AquaMoney Advisory Committee in Berlin in March 2007,
- at the envecon 2007: Applied Environmental Economics Conference in London in March 2006,
- at the 2<sup>nd</sup> meeting of the CIS DG on Environmental Objectives and Exemptions in Brussels in April 2007, and
- at the international Workshop “How can economics best support water policy decision making? Taking stocks of the first years of WFD implementation” in Alsace in May 2007.

Additional comments on the issues raised in the questionnaire, and on the preliminary results of the assessment of policy maker demand, were elicited from participants of these sessions.

The analysis of the questionnaires received is currently still ongoing and will be completed in June 2007.

### Activity 1.3 – List of criteria and recommendations related to policy maker demand for practical guidelines

A first draft list has been developed, and will be disseminated for commenting to the project team and later the Advisory Committee as the final results of Activity 1.2 are available.

An overview of the milestones and deliverables from WP1 is given in the table below.

No	Deliverable name	Work package no.	Date due	Actual/Forecast delivery date	Estimated indicative person-months	Used indicative person-months	Lead contractor
D12	Report detailing the working definition and role of environmental and resource costs and benefits in the context of the WFD	1	Month 3 (June 2006)	November 2006	1.0	1.0	1 (IVM)
D13	Template policy demand survey	1	Month 3 (June 2006)	November 2006	1.0	1.0	2 (Ecologic)
D14	Summary report survey findings	1	Month 9 (December 2006)	June 2007	12.0	12.0	2 (Ecologic)
D15	Draft list of criteria for the development of the guidelines	1	Month 10 (January 2007)	June 2007	1.5	1.5	2 (Ecologic)
No	Milestone name	Work package no.	Date due	Actual/Forecast delivery date	-	-	Lead contractor
3	First draft definition note	1	Month 3 (June 2006)	Month 4 (July 2006)			1 (IVM)
4	Design survey template	1	Month 3 (June 2006)	Month 6 (September 2006)			2 (Ecologic)
5	Draft list criteria	1	Month 10 (January 2007)	Month 12 (March 2007)			2 (Ecologic)

### 2.3 WP 2 - Database development & meta-analysis

The main objective of WP2 is to review and develop an international data base with economic valuation studies of environmental and resource costs and benefits. During the first year progress has been made in the following sub-activities:

#### Activity 2.1 - Review of available economic valuation studies across Europe of environmental and resource costs and benefits related to water use and services

In the first project year, existing water valuation studies have been collected and reviewed from a wide variety of sources (websites, journals, reports etc.). A total of 154 international (US and Europe) contingent valuation (CV) studies were collected and reviewed, generating 1088 economic values for the database, and 89 international (US and Europe) travel cost (TC) studies, generating another 812 economic value estimates. The AquaMoney partners reviewed the existing literature in their own country and sent the WP2 leader the existing country studies for inclusion in the database.

#### Activity 2.2 - Set-up of a database of existing economic valuation studies of groundwater and surface water

Based on the collected studies and their review, a database was developed in which the data and information from the identified existing studies are systematically structured and entered based on the key issues and characteristics and variables of interest, including bibliographic details, water system characteristics, method characteristics and value estimation characteristics. The inclusion of the data from the available economic valuation studies proved to be an enormous amount of work. Very time consuming was the ordering of papers, reports and book chapters etc. This took up to weeks-months in most cases. As a result, the database is therefore not completely finished yet. Some requests of sending papers or reports are still outstanding today, even though the first requests were sent out more than half a year ago. This was discussed with the Advisory Committee and it was decided that the data base would be made available by the end of the second project year in order to give the project group enough time to fill the database.

#### Activity 2.3 - Meta-analysis of existing groundwater and surface water studies for the purpose of benefits transfer

Based on the database in development, an analysis of the empirical findings of the individual valuation studies will be carried out in the second project year. Idea is to present policy and decision-makers with a structured overview of available economic estimates, which they can use in their policy and decision-making process.

An overview of the milestones and deliverables from WP2 is given in the table below.

No	Deliverable name	Work package no.	Date due	Actual/Forecast delivery date	Estimated indicative person-months	Used indicative person-months	Lead contractor
D17	Theoretical framework underlying data base development	2	Month 4 (July 2006)	Month 4 (June 2006)	2.0	2.0	1 (IVM)
D18	Water valuation data base	2	Month 12 (March 2007)	Month 20 (November 2007)	14.0	14.0	1 (IVM)
<b>No</b>	<b>Milestone name</b>	<b>Work package no.</b>	<b>Date due</b>	<b>Actual/Forecast delivery date</b>	<b>-</b>	<b>-</b>	<b>Lead contractor</b>
6	Draft theoretical frame	2	Month 4 (July 2006)	5			1 (IVM)
7	Filled data base	2	Month 12 (March 2007)	Month 20 (November 2007)			1 (IVM)

## 2.4 WP 3 - Guideline development

The main objective of WP3 is to develop practical guidelines for both experts and policy makers concerning the application of economic valuation methods for assessment of policies and projects associated with implementation of the WFD. During the first year progress has been made in the following sub-activities:

### Activity 3.1 – Development of practical guidelines

During the first project year, a draft technical guideline was developed by the project coordinator together with the University of East Anglia. Extra effort was put into this development process in order to produce these draft guidelines earlier than originally planned to help the AquaMoney partners with the set-up and design of their case studies, and at the same time also to enhance partner involvement and engagement with the guideline development. A first draft of the technical guidelines, including the overview of key methodological issues in economic water valuation, was circulated to all partners in February 2007. This draft guideline was presented and discussed during the second plenary project meeting in Berlin end of March with the project group and also during the Advisory Committee kick-off meeting 28 March 2007 in Berlin. An unplanned report was written by the project coordinator IVM right at the start of the project and made available to all project partners (see also the project website), detailing the content, use and usefulness of existing guidelines and manuals on water valuation in order to identify the specific need for additional technical guidelines in the context of the WFD.

During the first and second plenary project meeting, it was emphasized by the project group members based on their contacts with the WFD policymakers that the expertise and capacity in the AquaMoney project needs to be used to its fullest and the outcomes are effectively embedded in the WFD implementation process. In order to accommodate this, the project will disseminate intermediate products and outputs through short policy briefs, where possible illustrated with practical examples, and the project's Advisory Committee. It was also decided that the final guidelines are not one report, but consist of three main deliverables targeted at three different target groups:

- Technical guidelines focusing on specific methodological issues in water valuation for practitioners
- A Terms of Reference for policy advisors commissioning economic valuation research
- Non-technical policy briefs for policy makers and other stakeholders.

### Activity 3.2 – Feasibility study regarding development of a water value map for European river basins

A feasibility study will assess the potential for developing a digital map of economic values associated with the WFD. This study will harness the spatial analytic capabilities of Geographical Information Systems (GIS) to incorporate data on the pressures and impacts in the different representative river basins included in this project. IVM has investigated the availability of existing GIS databases across European Member States and the possibilities of using these databases for the development of water value maps. An unplanned draft report is ready, which will be circulated beginning of June 2007 to all partners.

### Activity 3.3 – Blueprint for the set-up of the case studies in WP4

The blueprint of the case study set-ups was discussed at the second plenary meeting in Berlin 26-27 March 2007. At this meeting it was decided to organize the case study work around three common water management 'themes':

- 1) Water quality
- 2) Water scarcity
- 3) Ecological restoration of river systems (from Heavily Modified Water Bodies to Natural Water Bodies)

Each theme is led by 1-2 AquaMoney partners. Overall coordination is in the hands of the project coordinator and the Spanish WP4 leader UPVLC. The common valuation design for the three identified issues will be further developed in the first months of the second project year. The following case study groups have been formed around each theme:

Ad 1) Water quality:

UK (Humber catchment), Norway (Morsa watershed), Netherlands (Rhine basin), Lithuania (Neris basin), Denmark (Odense basin)

Ad 2) Water scarcity:

Spain (Jucar and Guadalquivir basin), Greece Pinios basin), Italy (Po basin)

Ad 3) Ecological restoration:

Austria, Hungary, Romania (Danube basin countries)

An overview of the milestones and deliverables from WP3 is given in the table below.

No	Deliverable name	Work package no.	Date due	Actual/Forecast delivery date	Estimated indicative person-months	Used indicative person-months	Lead contractor
D20	Identification key meth. issues	3	Month 9 (December 2006)	Month 9 (December 2006)	6.0	6.0	1 (IVM) & 3 (UEA)
D21	Draft guidelines	3	Month 13 (April 2007)	Month 11 (February 2007)	12.0	12.0	1 (IVM) & 3 (UEA)
No	Milestone name	Work package no.	Date due	Actual/Forecast delivery date	-	-	Lead contractor
8	Key methodological issues	3	Month 9 (December 2006)	Month 9 (December 2006)			1 (IVM) & 3 (UEA)
9	First draft guidelines	3	Month 13 (April 2007)	Month 11 (February 2007)			1 (IVM) & 3 (UEA)
10	Blue print case studies	3	Month 15 (June 2007)	Month 15 (June 2007)			1 (IVM) & 3 (UEA)

## 2.5 WP 4 - Practical testing of the draft guidelines in case studies

The main objective of WP4 is to test the guidelines to be developed and the methods and procedures for assessing WFD related environmental economic values across representative European river basins. The work carried out in this work package during the first project year is restricted to the further description of the case study locations. In the beginning of the project each consortium partner wrote a case study 'fact sheet', which is published on the project website (see the project website under case studies). In addition to this, an extra case study was piloted in the Spanish Jucar basin in the first project year with the help of the University of Cordoba. The design, preliminary results and learning experiences were presented and discussed at the second plenary project meeting in Berlin 26-27 March 2007. The next steps in WP4 are to work on the further set-up and design of the case studies, based on the common valuation designs (see the previous WP description).

An overview of the milestones and deliverables from WP4 is given in the table below.

No	Deliverable name	Work package no.	Date due	Actual/Forecast delivery date	Estimated indicative person-months	Used indicative person-months	Lead contractor
D23-D34	Status reports pilot case studies	4	Month 12 (March 2007)	Month 14 (May 2007)	10.0	10.0	5 (UPVLC)
<b>No</b>	<b>Milestone name</b>	<b>Work package no.</b>	<b>Date due</b>	<b>Actual/Forecast delivery date</b>	<b>-</b>	<b>-</b>	<b>Lead contractor</b>
11	Content case study status reports	4	Month 9 (December 2006)	Month 9 (December 2006)			5 (UPVLC)
12	Draft case study status report	4	Month 12 (March 2007)	Month 14 (May 2007)			5 (UPVLC)

## 2.6 WP 5 - Communication and dissemination

The main objectives of Work Package 5 are to:

- (a) ensure and facilitate a continuous flow of information within the project from policy makers and stakeholders involved in the pilot case studies and the Advisory Committee to the project researchers and vice versa;
- (b) establish effective dissemination channels for communicating the results of the project within the project and between the project and the outside world, including external audiences such as academics, policy makers and other stakeholders at a national and European level.

During the first year progress has been made in the following sub-activities:

### Activity 5.1 – Management of knowledge and interactions with policy makers

#### *Interaction with the AquaMoney Advisory Committee.*

The AquaMoney Advisory Committee comprises 24 high-level decision makers from different EU Member States, relevant CIS working groups, NGOs as well as the European Commission DGs Environment and RTD. The Advisory Committee was involved in the project through phone and email exchange and personal communication on the phone or in the margins of workshops and seminars (see below). Advisory Committee members were informed of the project progress, and invited to comment on relevant documents produced within the project, such as the definition note. They were also invited to specify the needs and expectations for guidance material as part of the WP1 assessment of policy maker demand. The Advisory Committee convened for its first meeting in Berlin on 28 March 2007, allowing for a pointed and in-depth discussion of the role and relevance of the project as such, the Advisory Committee's role in the project, the information flows between Advisory Committee and the project, and the effective input of the Advisory Committee to the project work.

#### *Dissemination at conferences and events:*

The AquaMoney project was presented at a number of workshops, seminars and conferences, attended both by decision makers, practitioners and administration officials involved in the implementation process, academia and the wider research community. This includes presentations devoted entirely or predominantly to the AquaMoney project given at:

- The international conference on water valuation held in Santiago, Spain, on 24-26 May 2006, where Roy Brouwer presented on the use and usefulness of stated preference methods for the valuation of water resources.
- The 2006 Hydronòmica Convention on The Costs and Price of Water, 13-15 November 2006 in Barcelona, where Julia Martín-Ortega and Julio Berbel presented on the economic valuation of environmental costs of water under WFD.
- The 1<sup>st</sup> Expert workshop on Cost Benefit Analysis and the Water Framework Directive, held in Brussels at DG Environment on 20 November 2006 (presentation by Benjamin Görlach). Attendants included representatives of the EU Member States and major stakeholder groups involved in the WFD implementation process.
- The 2<sup>nd</sup> Workshop of the InterReg project “WaterCost” on the issue of “Cost Effectiveness Analysis in the context of groundwater and water supply”, held in Newcastle on 23 November 2007 (presentation by Benjamin Görlach).
- The envecon 2007: Applied Environmental Economics Conference held in London on 23 March 2006, where first preliminary results were presented both for the Scheldt case study in the AquaMoney project (Roy Brouwer) and the assessment of policy maker demand, as well as general information about the scope, focus and approach of the project (Benjamin Görlach).
- The 2<sup>nd</sup> meeting of the CIS Drafting Group on Environmental Objectives and Exemptions, which took place at DG Environment in Brussels on 18 April 2007, where preliminary results of the assessment of policy maker demand, were presented and discussed, as well as general information about the scope, focus and approach of the project (presentation by Benjamin Görlach), and

- The international workshop “How can economics best support water policy decision making? Taking stocks of the first years of WFD implementation”, which was held in Alsace on 2-4 May 2007, and where a parallel session was devoted to the issue of decision makers needs for guidance on the economic elements of the WFD, including a discussion of needs, requirements and expectations from the AquaMoney project (session chaired by Benjamin Görlach).
- A Norwegian Workshop on Water in EIAs (Vann i konsekvensutredninger) on 9 May, where David Barton presented on economic valuation of impacts in water bodies (Prissetting av konsekvenser i vann) including the Norwegian AquaMoney case study.

Upcoming dissemination activities are planned at the 2007 conference of the European Society for Ecological Economics (June 2007 in Leipzig), where a symposium will be devoted to the issue of disproportionate costs; and at the 4<sup>th</sup> HarmoniCA policy workshop on Using Economic Methods and Models for the Implementation of the Water Framework Directive.

For dissemination purposes, some material has been developed, including a one-page project flyer (business card) as well as a 5-page policy brief on the AquaMoney project objectives and its approach.

The AquaMoney project was highlighted in relevant research newsletters, such as the DG RTD’s “Water and Soil Times” newsletter, devoted to the “Water Cycle and Soil Related Aspects” activities in the European Commission Directorate General for Research. The project was also mentioned in the Commissions first report on the WFD implementation (Communication from the Commission to the European Parliament and the Council - Towards sustainable water management in the European Union - First stage in the implementation of the Water Framework Directive 2000/60/EC – SEC(2007) 362)

#### Activity 5.2 - Set-up and maintenance of a project web site

The project website of has been set up at the address [www.aquamoney.org](http://www.aquamoney.org) in mid-2006. It currently presents some background information on WFD and economics, information about the AquaMoney case studies, the project partners and members of the Advisory Committee etc. It also provides access to the project results that are in the public domain yet. In addition, a password-protected Members Area has been established for the project partners. This contains a filesharing platform to share and disseminate information and material, a discussion forum and internal information on the project meetings.

An overview of the milestones and deliverables from WP5 is given in the table below.

No	Deliverable name	Work package no.	Date due	Actual/Forecast delivery date	Estimated indicative person-months	Used indicative person-months	Lead contractor
D55	Benchmark	5	Month 12 (March 2007)	Month 16 (July 2007)	2.0	2.0	2 (Ecologic)
D56	Operational project website	5	Month 3 (June 2006)	Month 3 (June 2006)	3.0	3.0	2 (Ecologic)
D57	Final plan using and disseminating knowledge	5	Month 12/ 24/ 36 (March 2007/ 2008/ 2009)	May 2007/ March 2008/ March 2009	2.0	2.0	2 (Ecologic)
D58	Report on raising participation and awareness	5	Month 12/ 24/ 36 (March 2007/ 2008/ 2009)	May 2007/ March 2008/ March 2009	2.0	2.0	2 (Ecologic)
No	Milestone name	Work package no.	Date due	Actual/Forecast delivery date	-	-	Lead contractor
13	Operational project website	5	Month 3 (June 2006)	Month 3 (June 2006)			2 (Ecologic)
14	Benchmark	5	Month 12 (March 2007)	Month 16 (July 2007)			2 (Ecologic)

15	Intermediate plan using and disseminating knowledge	5	Month 12 (March 2007)	Month 14 (May 2007)			2 (Ecologic)
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### 3. Consortium management

The consortium management during the first project year does not yield any specific problems. Given overall progress, there is currently no need to change any of the milestones and project deliverables. The only activities that were slightly delayed was the work on the database in work package 2 due to the unexpected amount of extra research and review work that went into this and the waiting for the ordered research reports and papers, and the analysis of the policy demand survey in work package 1 due to the slight delay in response to the questionnaire survey.

The set-up and development of the project in general and progress in the different work packages specifically was discussed effectively and adequately with the entire project group and within the Scientific Council meetings at the start of the project during the kick-off meeting 4-5 April 2006 in Amsterdam and the second project meeting 26-28 March 2007 in Berlin. At the second plenary project meeting in Berlin it was concluded that the plenary project meetings should last 3 days in order to ensure sufficient time to discuss and cover all relevant issues in the limited available time. During the second plenary meeting parallel sessions with sub-groups were organized to enhance efficient use of limited available meeting time.

In order to stimulate partner involvement and commitment and share the workload proportionally across the consortium partners, a number of organizational changes were proposed by the project coordinator.

First, to ensure an all-encompassing view on overall progress and stimulate partner involvement 3 additional project partners (RVAU, RISSAC and UMB) were invited to attend and participate in the second Scientific Council meeting in Berlin.

Second, in order to ensure adequate and effective case study interlinkages and their integration in the AquaMoney guidelines, the general set-up of WP3 and WP4 was slightly re-organized by the project coordinator together with all AquaMoney project partners around the identified European water management themes (water quality, water scarcity, ecological restoration) and the methodological issues in the draft technical guidelines. For the further elaboration of the specific methodological issues in the draft technical guidelines in WP3 a number of other project partners (NIVA, UMB, RVAU, IHSK) have been made co-responsible and co-accountable for specific technical issues in which they are considered lead experts in European Member States.

In WP4 a similar organizational change has been proposed regarding the involvement of the AquaMoney partners in the set-up and design of the case studies through the compilation of three different working groups around the three different water management themes (water quality, water scarcity and ecological restoration; see the description of WP3 progress). Re-organizing the work around these themes should ensure the involvement and inclusion of all partners in the project development. The next meeting in Bologna end of September 2007 will be organized around these themes and methodological issues instead of presentations of the 10 individual case studies.

Very positive is also the role and involvement of the members of the Advisory Committee. Their interest and engagement in the project and its outputs is overwhelming. The members of the Advisory Committee have asked for an extra Committee meeting for which they will pay themselves in order to be able to comment and advise the project group on its research work, in particular in relation to the set-up of the case studies. An extra meeting of the Advisory Committee is therefore planned end of September in Bologna during the third plenary project meeting. Members of the Advisory Committee will pay for the extra travel and accommodation costs in Bologna themselves.

The change of the scientific officer in the first project year (Mr. Zissimos Vergos who was part of the consortium since the contract negotiations left Brussels end of 2006) is considered a pity given Mr. Vergos' involvement right from the start. However, directly afterwards contact has been made with the new scientific officer Mr. Balabanis, and the project group is looking forward to an equally constructive, productive and pleasant collaboration with him. The IVM project coordinator informs Mr. Balabanis almost on a monthly basis about the project's progress.

Finally, regarding internal and external project communication and dissemination, see the progress description in the previous section under work package 5 and the dissemination plan presented in the annex to this annual report.

## 4. Justification major cost items and resources

The Cost Budget Follow-Up Table (Table 3) and the Person Month Status Table (Table 4) is found in Annex I.

### 4.1 IVM

IVM's cost statement corresponds with the costs originally budgeted. Only the cost item consumables is higher than originally budgeted. This is largely due to the extra unforeseen costs (€2916.50) to design a recognizable project logo and a standard AquaMoney 'housestyle' format for our reports, policy briefs and project presentations, and the training costs (€2500) of the two junior researchers in statistics and econometrics for the statistical meta-analysis in work package 2 and the pilot AquaMoney case study.

No deviations are found for travel costs. About one third of all travel costs (€6145.57) are used during the first project year by the IVM researchers to attend AquaMoney project meetings and present the AquaMoney project at conferences and policy workshops.

IVM put considerable effort in project coordination and management in WP0 (see section 3).

IVM contributed substantially to WP1:

- the definition note was written by IVM
- IVM researchers produced the unplanned and unbudgeted overview of existing manuals and guidelines on economic valuation of water resources goods and services

The work in WP2 consisted to a large extent of the collection and review of available reports, papers and books about the environmental and resource costs and benefits of water use and services, and the entry of data from these existing studies into a database.

IVM experts have contributed substantially to the drafting and compilation of the draft guidelines in WP3. This work took largely place together with the UEA experts at IVM. A former UEA researcher was hired by IVM to help co-writing the draft guidelines earlier than planned. The costs of this are entered as sub-contracting. Permission for this was asked and granted by the scientific officer Mr. Zissimos Vergos. IVM also invested substantial time in an overview of available GIS meta-data across EU member States as part of the exploratory feasibility study about the use of GIS based value maps in WP3.

For WP4, IVM helped to set up, design and analyze a first AquaMoney test case study. The results of which were presented at the second plenary AquaMoney project meeting in Berlin 26-27 March 2007. This work has driven the subsequent activities on the blue print for the other case studies and the use of a common valuation design for the three management themes described in section 2.4.

Finally, IVM advised and helped Ecologic with the design and set-up of the project website and the writing of the first project summary and policy brief.

### 4.2 Ecologic

Cost items mainly refer to personnel input, which constitute 99% of the resources consumed in the first year. The remaining percent consists mainly of travel costs, e.g. to the kick-off meeting in Amsterdam, or to several events and seminars where the project was presented.

In terms of labour input, the resources consumed are largely in line with the original planning, despite some minor deviations. In more detail, this includes the following items:

- WP 0 - Management: 2.6 person months (1.3 planned). The management input was mainly necessary for the organisation of the 2<sup>nd</sup> plenary project meeting held in Berlin in March 2007, which was coordinated by Ecologic. The deviation from the planning can be explained by the fact that the management effort for organisation of meetings is concentrated in the first and the third year of the project, but will be less in the second year.

- WP 1 – Assessment of policy maker demand: 7 person months consumed (6 planned). The activities in this work package included commenting on the definition note (1.1), development of a questionnaire to assess policy maker demand, integration of several rounds of comments on the questionnaire, pre-testing the questionnaire, coordinating the interview process conducted by the AquaMoney project partners, collecting and managing responses to the questionnaire, following up with respondents, analysing the results of the questionnaire, presenting draft results of the assessment at the 2<sup>nd</sup> plenary meeting and the 1<sup>st</sup> advisory committee meeting, and eliciting additional comments from policy makers at different meetings and seminars, as well as developing a draft list of criteria to include policy maker demand in the set of guidelines. The additional labour input (1 person month more than planned) is mainly due to the fact that the coordination of the interviews by the project partners and the management of responses took more time and was more communication-intensive than foreseen. The additional labour input also reflects the fact that new staff was hired to work on this project, with associated learning costs.
- WP 3 – Development of practical guidelines: 0.2 person months consumed (2.8 planned). This discrepancy is mainly due to the fact that the development of guidelines is itself delayed, and has been modified compared to the original description of work. As the planned set of guidelines in three versions (for practitioners, policy advisors and policy makers) may require more substantial input from Ecologic (esp. regarding guidelines for policy makers and policy advisors), the remaining labour can be more usefully allocated to these guideline components.
- WP 5 – Communication and dissemination of results: 4.3 person months consumed (4 person months planned). The activities covered here include the running management of the Advisory Committee (informing the AC of project progress, eliciting comments and feedback, ongoing exchanges via email, phone and personal communication); the set-up and maintenance of the project website and the presentation of the AquaMoney project at several workshops, seminars and conferences, as well as the production of dissemination material (policy brief). The work load for the website was slightly higher than originally planned, which is mainly due to the fact that some unplanned and unbudgeted additional features were included on the website (such as the discussion forum and filesharing platform), and that the registration of users for the Members Area proved more labour-intensive than originally foreseen.

#### 4.3 UEA

Dr Carlo Fezzi has been working on the definition on the environmental benefits likely to arise from the implementation of the WFD, WP1 D12. Dr Fezzi has also been reviewing available economic value studies concerning the monetary assessment of water quality improvement benefits and commenced formulating guidelines for subsequent methodological applications, WP2 D17.

Travel costs were for Prof Kerry Turner to attend the Aquamoney Start up Meeting in Amsterdam during April 2006 and for Prof Ian Bateman to attend the Project meeting in Berlin during March 2007.

For AC contractors, in addition estimate the number of person-months of permanent staff working on the project.

Prof Bateman has given approximately 1.8 person months of time, as indicated on the person month status table.

No deviations from the plan to report.

#### 4.4 UMB

Below is a justification of the major costs incurred and resources deployed by UMB's Ståle Navrud.

- Development of a common baseline scenario for a Contingent Valuation (CV)/Stated Preference survey of water quality improvements, to be implemented in several European countries. Presented outline of cross-country benefit transfer validity tests. Participation and presentation at the AQUAMONEY project meeting in Berlin.

- Books on benefit transfer and stated preference survey methods.
- The Person month hour's are equivalent to 1 month, EUR 7717.62, by Ståle Navrud. Richard Ready has been contracted by UMB on the project and will be submitting his hours continuously starting next reporting period.
- A tabular overview of budgeted person-months and actual person-months. We did not provide this since we are not reporting any costs here this period.
- There is a deviation from cost budget due to Travel cost for the project meeting in Berlin as well as a meeting with the project coordinator have been charged to the project after this reporting period.

#### 4.5 UPVLC

Travel to Barcelona.

The topic of the Workshop was "The cost and the prices of water", and so this was a Workshop closely related to the subject of the AQUAMONEY project. During this Workshop, flyers of AQUAMONEY were delivered among the audience, as part of the dissemination campaign of the project.

The team of the Universidad de Cordoba collaborating with the UPVLC team in the project presented the preliminar results of a survey in the Guadalquivir river basin as part of the AQUAMONEY studies for testing the methodology under development. The AQUAMONEY project was presented to different representatives of the Water Agencies and River Basin Authorities in Spain, and also to the Deputy Director of Water Planning in Spain, D. Teodoro Estrela.

Travel to Brussels.

In Brussels we participated in a Pilot River Basins meeting coordinated by the JRC of the European Commission. The Júcar River Basin, our case study for the AQUAMONEY project, is involved in the II phase of the Common Implementation Strategy, and it is contributing to the elaboration of the Final PRB report. In this sense, we were kindly invited by the Júcar River Basin authority to attend the meeting. This was a good opportunity to exchange ideas about the application of the Water Framework Directive and to introduce the AQUAMONEY project to the other participants.

Travel to Amsterdam.

The reason of this travel was the celebration of a meeting of the AQUAMONEY project in Brussels.

Photocopies and other Consumables survey work

This material has been necessary to carry out the research for the project and to distribute or show the results to the other partners.

#### 4.6 BRGM

Brgm's contribution to the project has been the following:

- Concerning WP1, BRGM's team has conducted several face to face and telephone interviews with key officials involved in the implementation of the economic analysis required by the Water Framework Directive. Based on this information, a policy status report has been prepared. A draft was delivered to ECOLOGIC just before the second meeting at Berlin. This document has been submitted to French officials for validation and a final version will be delivered in April.
- Concerning WP2, BRGM's team has identified all existing valuation studies dealing with water protection benefits. The literature collected has been analysed and the information collected was entered in the database according to the specifications provided by the workpackage coordinator. It is expected that additional work will be required at the beginning of year 2 to finalise this contribution.
- Preliminary work has been conducted to define the objectives of the case study to be conducted in the Upper Rhine valley to test the guidelines. Very limited resources have been spent on this task as BRGM's team wanted its proposal to be approved during the first year meeting. This being now done, the case study work will really start in April 2007.
- Concerning costs
- The budget spent mainly corresponds to salaries and overhead.

- Travel cost correspond to one trip to Paris and Orleans to discuss with officials involved in the implementation of the WFD and one trip to attend the kick off meeting in Amsterdam.
- Some of the cost (labour and travel) incurred during the last month of the first year (March) have not been charged to the project yet and will appear in the second cost statement.

#### 4.7 AEGEAN

In WP1 the AEGEAN research team translated and adapted the questionnaire for the policy demand survey in Greece in close cooperation with the central water authorities and three regional ones. It disseminated the questionnaire to over 30 agencies and collected seven questionnaires. It assessed the collected questionnaires and contributed to the general analysis on the European level.

In WP2 the AEGEAN research team collected, screened and analysed over 20 research papers and reports on water related issues in Greece and supplied the coordinator with a list of most relevant papers for the use in the valuation database.

In WP3 the AEGEAN research team critically reviewed the proposed by the coordinator versions of practical guidelines and proposed amendments relevant to the Euro-Mediterranean context of application.

In WP4 the AEGEAN research team implemented a number of in-depth interviews and focus groups with stakeholders in the region of Pinios River Basin. It established contacts with other research teams working in the area on relevant water issues. It designed a first version of survey strategy (method, survey mode, data analysis) and organized several meetings with the Thessaly Regional Water Authority to discuss the appropriate sampling and timing of the pilot tests.

The AEGEAN research team did not realize any equipment purchase. The travel costs of the team are justified on the basis of the absence of homogenized, centrally available data which created a recurrent need for visiting oft the Pinios river basin. Here it should be taken into account that the University of AEGEAN is located on the island of Lesbos, a factor that raises travel costs essentially.

No budget deviation occurred.

#### 4.8 RISSAC

No major cost items and no budget deviation occurred.

#### 4.9 AAPC

- CEP consultants Daiva Semenienė and Rasa Ščeponavičiūtė participated in the AquaMoney Kick-off Meeting on 4 & 5 April 2006, IVM, Amsterdam. The main objective of the kick-off meeting was for the 16 international partners to get to know each other, clarify and reach consensus about the project's main objectives and set-up, and arrive at a more detailed work plan for the first project year. Fact sheet Nemunas case study was prepared before the kick-off meeting. Daiva Semenienė presented a case study on Nemunas River basin in Lithuania. The presentation included a short description of the case study area, an overview of environmental issues and the main water uses in the area.
- WP 1 Identification of the policy maker's demand. CEP experts have carried out the policy makers' survey in Lithuania – in total 2 specialists representing the Lithuanian Ministry of Environment and 2 experts from the Lithuanian Environmental Protection Agency have been interviewed. In addition, a Summary note on the assessment of environmental and resource costs in Lithuania was produced in order to highlight the main issues related to the application of environmental and resource costs assessment for the implementation of the WFD.
- WP 4 Testing guidelines in case studies. CEP experts have started to develop Case Study Status Report on Neris river basin. Before the 2nd Plenary meeting in Berlin it was decided to change the river basin to be studied and to select Neris river basin, which is a sub-basin of Nemunas river basin

district for the case study. Case Study Status Report gives a sufficiently detailed description of the case study area, main water quality problems, policy issues, and lists the environmental good and services as a result of the WFD. It is planned to finalise a case study report by 15 April 2007.

- Rasa Ščeponavičiūtė participated in the Second Plenary AquaMoney Meeting on 26-27 March 2007 in Berlin. The Neris Case Study Presentation was prepared and presented in the Meeting. The objective of the presentation was to present a Case study Design, work plan for the case study implementation and to indicate how the draft guidelines and the key issues listed in the draft guidelines for the assessment of environmental and resource costs and benefits in the WFD will be tested in Neris case study.

Travel budget was used for the following purposes:

1. Participation of Daiva Semėnienė and Rasa Ščeponavičiūtė in the kick-off meeting of the AQUAMONEY project in Amsterdam on April 04-06, 2006.

Travel expenditures: 1308,26 EUR

2. Participation of Rasa Ščeponavičiūtė in the Second International AQUAMONEY project meeting in Berlin on March 26-28, 2007.

Travel expenditures: 546,42 EUR

Total expenditures of travel costs during the first period (April 2006 – March 2007) – 1854,68 EUR.

#### 4.10 VITO

Workpackage 1: Identification and integration of policy demand for practical guidelines and information

- Analysed survey designs provided by Ecologic.
- Distributed survey among Belgian policy makers.
- Analysed and summarized results.

Workpackage 2: Database development and meta-analysis for the purpose of benefits transfer

- Set up literature overview of Belgian valuation studies.

Workpackage 3: Development of practical guidelines

- Analyse and provide feedback on documents considering definition environmental and resource costs and benefits.

Workpackage 4: Testing of the guidelines in pilot case studies in representative European river basins

- Quicksan on available information for case studies.
- Discussion on workplan with project partner.
- Set up first case study reports.

#### 4.11 DEIAGRA

In the first period of the project the Deiaga has contributed to the follow WPs and activities:

WP1:

1. Activity 1.1 - Definition of environmental and resource costs and benefits in the WFD  
Review of the report on the definition of environmental and resource costs and benefits.
2. Activity 1.2 - Identification of the role of environmental and resource costs and benefits in the economic analysis in the WFD  
Questionnaire survey on the National Approaches to Assessing Environmental and Resource Costs and Benefits according to the WFD.

WP2:

3. Activity 2.1 - Review of available economic valuation studies across Europe of environmental and resource costs and benefits related to water use and services  
Identification and collection of the existing published and non-published (grey) literature about empirical economic valuation studies in Italy

WP3:

4. Activity 3.1 – Development of practical guidelines  
Review of D21

WP4:

Po case study:

- 1) Physical characterization of the Po basin
- 2) Identification of the relevant environmental issues
- 3) Identification of the most appropriate economic valuation methods and tools given the specifics of the pilot case studies.

Travel & Subsistence:

Costs are limited to participation to project meetings (total of 2702€):

- 1 person at the kick-off meeting
- 2 persons at the Berlin meeting

Personnel:

Two temporary contracts were awarded from January 2007 to beginning of April 2007: 6459€

#### 4.12 NIVA

A total of approx. 2.2 manmonths were carried out in Year 1 (Manmonths allocation by WP include time spent on administrative&reporting tasks).

WP1. Identification and integration of policy-maker demand for assessment procedures of environmental and resource costs and benefits in the WFD

- Preparation for and participation in Kick-off meeting March 2006
- Conducted questionnaire of policy-makers and reported results.

Approx. 1 manmonth resource use (of a total 1 manmonth budget)

WP3. Development of Practical guidelines for the economic valuation of environmental and resource costs and benefits in the WFD and a European “water value map”

- Participated in commenting and review of D12 Report on Working definitions of ERCB.

Approx. 0.5 manmonth (of a total 5 manmonths)

WP4. Testing of the practical guidelines in representative European pilot river basins

- Prepared Morsa catchment case study report.
- Participation in 2<sup>nd</sup> annual meeting March 2007 in Berlin.

Approx. 0.7 manmonths (of a total 5 manmonths budget)

No major costs items have taken place over the first project year. The other costs in the NIVA cost statement include indirect costs and 1274 euro for covering expenses of an intern working at NIVA on the AQUAMONEY project.

Relative to the annual distribution of NIVAs budget we have spent about 50% of the Year 1 budget. However, relative to the workplan this allocation of resources is to be expected given the time allocation of NIVAs participation in the different work packages and their starting dates:

NIVA:

WP1 1 manmonth (starting month 1) 100% of resources used  
WP3 5 manmonths (starting month 5) 10% of resources used  
WP4 5 manmonths (starting month 9) 14% of resources used

Given this timeline Year 2 will have a larger resource use in the case of NIVA than that reflected in the annual budget allocation in the DoW.

#### 4.13 RVAU

Partner no. 13 Royal Veterinary and Agricultural University, Denmark and the subcontractor Danish National Environmental Research Institute (NERI) have made the following contributions:

- WP1 Identification policy demand, where the common questionnaire was adapted and distributed to Danish authorities – with personal follow ups to clarify the purpose and substance.
- WP2 Data base and meta-analysis, where a detailed review has been prepared for the available Danish water valuation studies.
- Preparation of Case Study Status Report for Odense River Basin, Denmark with a description of economic valuation methods to be used (Deliverables D25-D34)
- Participation in the international Aquamoney project meetings and Workshops with presentations.
- Partner no. 13 has not had any major costs.
- Reported use of manpower was below budgeted use mainly because main work on case study has started later than expected.

#### 4.14 UNIBUC

WP1

Activity 1.2 – Identification of the role of environmental and resource costs and benefits in the economic analysis in the WFD

- Questionnaire survey – summarising the national approaches assessing environmental and Resource Costs and Benefits according to the WFD

WP 2 – Activity 2.2 – Set-up of a data base of existing economic valuation studies of groundwater and surface water, together with WP 3 – Activity 3.1. – Development of practical guidelines

- Development of 2 case-study reports – Braila Islands and Neajlov Catchment, including the two selected sites general characteristics; drivers, pressures and impacts, water management framework, ERC analysis and methodological issues.

- The two case study reports were necessary in order to contribute to the data-base development, based on the key issues and characteristics and variables of interest in this project.

- These will represent basis elements for the activities developed in WP 4.

Major deviations from cost and PM budgets have not been recorded

#### 4.15 IHSK

Working Package 1: Identification policy demand

- Identify the relevant decision maker(s)
- Contact the responsible Federal Ministry
- Present the ‘Aquamoney’ project on a workshop in October 2006 in Vienna
- Comment the questionnaire
- Approach policy maker(s) with the questionnaire, phone up later to remind and offer assistance, translate and explain the questionnaire
- Clarify and discuss the Austrian position regarding the valuation of ERCB in the WFD
- Compile the summary report on policy maker demand

Working Package 2: Data base and meta-analysis

- Review and comment on list of existing data sources and literature

- Search for available data and information about the economic values of environmental and resource costs and benefits in Austria
- Give overview about existing economic valuation studies in Austria

#### Working Package 3: Development of practical guidelines

- Read, discuss and comment on the draft guidelines
- Write review and feedback report

#### Working Package 4: Testing of the guidelines in pilot case studies in representative European river basins

- Discuss relevant case studies with different experts
- Investigate relevant facts and figures to the waste water treatment system of Vienna (Austrian case study)
- Design the case study set up (methods, data problems, partners etc.)
- Contact the Vienna City Department 31 (Waste Water Collection and Treatment)
- Write case study status report

### 4.16 CUB

#### • Work Performed

Contribution as defined in partner work package description of work: namely:

WP2 -Database development and meta-analysis of economic valuation studies of environmental and resource costs and benefits

WP3 -Development of practical guidelines for the economic valuation of environmental and resource costs and benefits in the WFD

#### *Resources employed:*

Personnel costs - collating literature review

Personnel costs - conducting and arranging face-to-face interviews on policy-maker demand questionnaires

Personnel costs - conducting analysis and preparing summary of questionnaires

Personnel costs - related administrative tasks (financial documentation and handling, administrative tasks, computer/technical support)

#### • Major Cost Items

None (2 person travel to Amsterdam and 3 person to Berlin conference comprises major expenditure)

Explanation for major deviations – the majority of WP work for project partner Corvinus University is to be conducted this year (2007) on ‘Testing of the practical guidelines in representative European pilot river basins’ (WP4) - which explains why less money was spent on direct and indirect costs than predicted (it was uncertain at the time of contract signing if preparatory work for WP4 would be completed in reporting period 1 – as it turns out, WP4 work is to be completed in entirety in period 2 and 3). The date of the Berlin conference (falling into reporting period yr 1) contributed to travel costs being higher than expected. However, travel costs should be correspondingly reduced in Period 2.

## 5. Form C completed for all contractors

The Forms C for all consortium partners are found in Annex II. The signed Forms C are sent separately by registered mail to the responsible Scientific Officer Mr. Panagiotis Balabanis.

## 6. Summary Financial Report

The summary report of total (direct + indirect) costs in euros as claimed by each contractor and activity type, for the reporting period is found in Annex III.

## 7. Distribution of the Community's contribution

The distribution (in euros) of funds made by the coordinator to contractors during the reporting period is presented in the table below.

RECEIVED AMOUNTS EU				
		Amount	Date	Description
EU-receipt		609875	04.05.2006	EU money received for Aquamoney
EU-receipt		208642	13.06.2006	BRUXELLES 8480009069 INITIAL PREFINA NCING 2ND INS
<b>Total receipts</b>		<b>818,517</b>		
PAID AMOUNTS TO PARTNERS				
Payment	1.VU	243,674	30.06.2006	1e paym AQUAMONEY
Payment	2.Ecologic	105,251	30.06.2006	1e paym AQUAMONEY
Payment	3.UEA	82,644	30.06.2006	1e paym AQUAMONEY
Payment	4.UMB	30,316	30.06.2006	1e paym AQUAMONEY
Payment	5.UPVLC	27,906	30.06.2006	1e paym AQUAMONEY
Payment	6.BRGM	32,300	30.06.2006	1e paym AQUAMONEY
Payment	7.Agean	33,592	30.06.2006	1e paym AQUAMONEY
Payment	8.RISSAC	16,411	30.06.2006	1e paym AQUAMONEY
Payment	9.AAPC	24,727	30.06.2006	1e paym AQUAMONEY
Payment	10.VITO	36,708	30.06.2006	1e paym AQUAMONEY
Payment	11.Deiagra	30,820	30.06.2006	1e paym AQUAMONEY
Payment	12.NIVA	42,452	30.06.2006	1e paym AQUAMONEY
Payment	13.RVAU	27,560	30.06.2006	1e paym AQUAMONEY
Payment	14.UNIBUC	43,064	30.06.2006	1e paym AQUAMONEY
Payment	15.IHSK	24,680	30.06.2006	1e paym AQUAMONEY
Payment	16.BCE (Corvinus)	16,411	30.06.2006	1e paym AQUAMONEY
<b>Total payments</b>		<b>818,517</b>		

Annex I Cost budget follow-up table & Person month status table





Annex II Forms C for all contractors































Annex III Summary financial report



## Annex IV Plan for using and disseminating knowledge

This annex presents the plan for using and disseminating the knowledge generated within the AquaMoney FP6 project in an effective way, both regarding the use and dissemination of knowledge within the project consortium and with the outside world, with academia and policy making as the two main audiences. The management and dissemination of knowledge and information obtained through the AquaMoney project has an internal (within the project) and an external (outside the project) dimension.

The management of knowledge and information within the project basically concerns the provision of adequate and efficient lines of communication between all consortium members, including the Scientific Council and the Advisory Committee, by keeping everyone up to date of relevant project outputs, milestones and decisions through the website and through regular project meetings. The management of knowledge and information related to the outside world (beyond the project) includes the appropriate modes of interaction with the two main constituencies that will have an interest in the project results – policy making and academia – and the use of appropriate dissemination channels (presentations, publications, communication) to achieve a wide distribution and uptake of project results.

The dissemination and knowledge management activities – both within the project and beyond the project team – therefore include a number of separate but interconnected activities, including:

- The project website at [www.aquamoney.org](http://www.aquamoney.org)
- Presentations and lectures related to the AquaMoney project and its results
- Exchange with the Advisory Committee
- Less formal communication (discussions, email exchanges, meetings)
- Publications targeted at the different constituencies
- Training courses

As regards the audience of the external dissemination activities, there are different constituencies for whom the results of the AquaMoney project may be interesting and potentially useful: academia, policy makers, and practitioners involved in WFD implementation (mostly public administration officials, interest groups and consultancies, which for practical purposes can be subsumed under policy and decision makers). Knowledge dissemination will therefore take place along different trajectories:

- targeted at policy makers, e.g. by presenting the project at meetings, working groups and seminars attended by policy makers (in the widest sense, i.e. including civil society actors), using specific dissemination material targeted at these audiences (e.g. short and compact policy briefs that condense main findings and results on few pages, also underlining the relevance of the results for the practical implementation problems faced by decision makers).
- targeted at a more academic audience, by presenting the project and its results at academic seminars and conferences, as well as at combined events that are relevant for both academia and policy makers. Dissemination in the academic setting will also include the publication of results in journals or as book chapters. In addition, this type of dissemination also includes the integration and exchange with other, related research projects (funded by the 6th and 7th framework programmes or otherwise).

The management and exchange of knowledge, new insights and information between the project and the ‘outside world’ such as WFD expert groups, relevant stakeholders and policy makers across European river basins and in national Water Agencies and Environment Ministries is to a large extent facilitated through the inclusion of important (inter)national organisations directly involved in the implementation of the WFD in the Advisory Committee and the involvement of national and regional policymakers and stakeholders in the pilot case studies. Both groups are included in the project to provide hands-on advice based on their experiences in the WFD implementation process and to act as multipliers to feed project results into the national implementation process in the Member States. This structure aims to facilitate the process of feeding (intermediate) results obtained at different stages of the project into the Member States’ river basin management plans, which have to be ready by the year 2009. Many Member States face substantial uncertainties regarding the exact role and context specific estimation and interpretation of the estimated

environmental and resource costs and benefits in the implementation of the WFD, not only in relation to Article 9, but also in relation to Article 4. Hence policy maker demand for the project outputs is expected to be substantial. In this respect, the timing of the project and its outputs fit exactly the timing of the implementation procedure.

#### *The AquaMoney website*

The AquaMoney project website has been operational at [www.aquamoney.org](http://www.aquamoney.org) since a very early stage of the project (Mid-2006). It comprises an external part, which provides background information on WFD and the role of economics in the Directive, information about and access to the AquaMoney case studies, lists the project partners and the members of the Advisory Committee, and which provides access to the project results and deliverables that are in the public domain. In addition, the website also comprises a password-protected internal part, which is intended to support the functioning of the project and the exchange among project partners.

#### *Internal dissemination and knowledge sharing through the website*

The website features a password-protected section accessible to members only, which has been designed to facilitate the exchange of information. Through a filesharing platform, consortium members are enabled to access all relevant documents and presentations related to the project, including draft reports, background papers, relevant publications (if no conflict with copyright provisions exists), and documents related to the project meetings (agenda, directions, presentations etc.). Discussions about the content of the work are partly facilitated by enabling consortium members to comment on draft versions of reports etc. which are downloadable from the password protected area of the website. In addition, on request of the project participants at the kick-off meeting, a discussion forum has been set up in the password-protected part of the AquaMoney website, which is intended to support discussions in a structured, transparent and easily accessible way and thereby build up a knowledge archive. However, the uptake of this tool by the project team in the first project year has been sluggish, despite several invitations and reminders.

#### *External dissemination through the website*

The dissemination of information through the project website will not only include relevant news and information about milestones or products, but also about relevant policy developments in the WFD implementation process, at a European level and where relevant in the Member States. To this end, the AquaMoney website contains a section with background information on the economic elements of the WFD, including links to relevant policy documents and guidance material produced under the Common Implementation Strategy (CIS) process, as well as national-level initiatives and information resources on WFD implementation. In addition, this section also links to other relevant research initiatives and projects.

One key role of the website for the external dissemination is that it provides a quick and easy one-stop shop to receive more information on the project and to access the project results (reports, papers, documents, presentations) that are already in the public domain. To support this function, the [aquamoney.org](http://aquamoney.org) website has been highlighted and promoted in several occasions, including the Commissions first report on the WFD implementation (Communication from the Commission to the European Parliament and the Council - Towards sustainable water management in the European Union - First stage in the implementation of the Water Framework Directive 2000/60/EC – SEC(2007) 362).

#### *Presentations and lectures related to the AquaMoney project*

Communication and dissemination instruments used to facilitate the management of knowledge and information between the project and the outside world include:

- International and national workshops and a final project conference where project progress, new insights and information will be disseminated and fed back to both the scientific community and WFD expert groups.
- Presentations of project results to WFD CIS working groups and relevant EU bodies. In order to maximise the impact of the project, the project itself and intermediate results will also be presented to other projects supported under the FP6.

In line with these objectives, the AquaMoney project was presented at a number of workshops, seminars and conferences, attended both by policy makers, by practitioners and administration officials involved in the

implementation process, by academic scholars and the wider research community. This includes presentations devoted entirely or predominantly to the AquaMoney project given at several events, some of which are listed below.

<b>Event Title</b>	<b>Place</b>	<b>Date</b>	<b>Presenter</b>	<b>Focus / Title of the presentation</b>	<b>Audience</b>
International conference on water valuation	Santiago, Spain	24-26 May 2006	Roy Brouwer	The use and usefulness of stated preference methods for the valuation of water resources.	Academia
2006 Hydronòmica Convention on The Costs and Price of Water	Barcelona	13-15 November 2006	Julia Martín-Ortega and Julio Berbel	economic valuation of environmental costs of water under WFD.	Academia & policy
1st Expert workshop on Cost Benefit Analysis and the Water Framework Directive	Brussels, DG Environment	20 November 2006	Benjamin Görlach	·AquaMoney project presentation	Policy
2nd Workshop of the InterReg project “WaterCost” on the issue of “Cost Effectiveness Analysis in the context of groundwater and water supply”	Newcastle	23 November 2007	Benjamin Görlach	General presentation on the role of economics in the Water Framework Directive, AquaMoney project presentation	Policy
envecon 2007: Applied Environmental Economics Conference	London	23 March 2006	Roy Brouwer	“Economic valuation of the non-market benefits of the European Water Framework Directive: An international river basin application of the contingent valuation method” (including preliminary results were of the Scheldt case study in the AquaMoney project)	Academia & policy
envecon 2007: Applied Environmental Economics Conference	London	23 March 2006	Benjamin Görlach	·“Disproportionate Costs in the EC-Water Framework Directive – The Concept and its Practical Implementation” (including brief AquaMoney project presentation and preliminary results of the assessment of policy maker demand)	Academia & policy
2nd meeting of the CIS Drafting Group on Environmental Objectives and Exemptions	Brussels, DG Environment	18 April 2007	Benjamin Görlach	Presentation on preliminary results of the assessment of policy maker demand as well as general information about the scope, focus and approach of AquaMoney	Policy
International workshop “How can economics best support water policy decision making? Taking stocks of the first years of WFD implementation”	Alsace	2-4 May 2007	Benjamin Görlach	Parallel session devoted to decision makers needs for guidance on the economic elements of the WFD, including a discussion of needs, requirements and expectations from the AquaMoney project	Policy

Event Title	Place	Date	Presenter	Focus / Title of the presentation	Audience
Workshop on Water in EIAs (Vann i konsekvensutredninger)	Norway	9 May	David Barton	· economic valuation of impacts in water bodies (Prissetting av konsekvenser i vann) including the Norwegian AquaMoney case study.	Policy

Upcoming dissemination activities are planned at the 2007 Conference of the European Society for Ecological Economics (June 2007 in Leipzig), where a symposium will be devoted to the issue of disproportionate costs, including a presentation on the contribution of AquaMoney in this context; and at the 4th HarmoniCA policy workshop on Using Economic Methods and Models for the Implementation of the Water Framework Directive (June 2007 in Berlin).

#### *Exchange with the Advisory Committee*

The AquaMoney Advisory Committee comprises 24 high-level decision makers from different EU Member States, relevant CIS working groups, NGOs as well as the European Commission DGs Environment and RTD. Involvement of the Advisory Committee in the project takes place through regular phone and email exchange and personal communication on in the margins of workshops and seminars (including those listed in the previous section). Advisory Committee members have the opportunity to comment on relevant documents produced within the project, and to advise the project team on the general direction of the work.

The Advisory Committee convened for its first meeting in Berlin on 28 March 2007, allowing for a pointed and in-depth discussion of the role and relevance of the project as such, the Advisory Committee's role in the project, the information flows between Advisory Committee and the project, and the effective input of the Advisory Committee to the project work. Following meetings are planned in Bologna in October 2007, and in Budapest in March 2008.

From the discussions with Advisory Committee Members, it has become clear that a number of issues around the economic elements of the WFD are as yet unresolved in the Member States. This means that continuous exchange will be necessary, as the implementation of the WFD remains an ongoing task, and will be adapted based on the experiences made in the implementation process. In this context, there appears to be a growing interest in some Member States also to think beyond the first reporting cycle of the WFD. As it becomes clear that monetary valuation may not have a major contribution to make for the first reporting cycle – essentially because of time and resource constraints – the question becomes if they can make a more substantial contribution for subsequent periods.

It has become apparent that the exchange between policy makers and the AquaMoney project works in both ways – not only does the project is shaped according to the expectations, needs and demands of policy makers, but the project also has an influence on the discussions about WFD implementation that take place in the Member States.

In this context, besides creating awareness of the project and its results, it is of equal importance to manage the expectations as to what AquaMoney can and will provide for policy makers. It is, for instance, important to point out that AquaMoney has been commissioned to provide research and guidance on the monetary valuation of environmental and resource costs and benefits in the Water Framework Directive, and will therefore not be able to give as much emphasis on non-monetary ways of measuring and weighing the benefits of different courses of action.

Apart from giving feedback on the project results and the approach followed, and thereby fine-tuning the project output to the needs of policy makers, the Advisory Committee also has a role for dissemination of project results into the policy community, one of the main constituencies for the AquaMoney project results. The Advisory Committee Members have therefore been chosen to act as multipliers in their respective countries and organisations.

#### *Other formal / informal dissemination*

The AquaMoney project was highlighted in relevant research newsletters, such as the DG RTD's "Water and Soil Times" newsletter, devoted to the "Water Cycle and Soil Related Aspects" activities in the European Commission Directorate General for Research. The project was also mentioned in the Commissions first report on the WFD implementation (Communication from the Commission to the

European Parliament and the Council - Towards sustainable water management in the European Union - First stage in the implementation of the Water Framework Directive 2000/60/EC – SEC(2007) 362).

### *Publications*

One key component of the dissemination of AquaMoney project results are the publications. In line with the different audiences which the project addresses, different types of written output are produced.

- The most basic written output from the project are the project reports (formal deliverables). These are made available in the “results” section of the AquaMoney website, they are presented and distributed at workshops and meetings (see above), and are mailed upon request.
- Building on the project outcomes, publications in peer reviewed scientific journals and presentations at international conferences and seminars on related subjects will ensure visibility in the academic realm. While some presentation activity at academic events has already started (including the Envecon 2007 and ESEE 2007 conferences), the main output in this category is expected towards 2008 – 2009, as the case study results and guidelines become available. Participation at international conferences and publications in scientific journals are activities carried out by all project partners in line with their ongoing publication activity.
- For dissemination purposes, some tailor-made material has been developed. While these documents are not formal deliverables according to the description of work, they were considered necessary to achieve a wider dissemination in policy circles. The output includes a one-page project flyer (business card) as well as a 5-page policy brief on the AquaMoney project objectives and its approach. Two more policy briefs are planned in 2007 as part of the AquaMoney guidelines.

### *Training courses*

Two training events related to AquaMoney have taken place. These events are not formal deliverables according to the description of work, but cover issues addressed in the AquaMoney project, and were attended by several AquaMoney partners. This includes a workshop on choice valuation organized by the Danish partner in Copenhagen in November 2006, and a one-day seminar on benefit transfer held by Stale Navrud at IVM in December 2006.

In June 2007, a five-day PhD course on Environmental Economics and the EU Water Framework Directive will be held by Roy Brouwer and Berit Hasler in Copenhagen, which will also touch on issues related to AquaMoney. Again, this event is not a formal deliverable according to the description of work.