



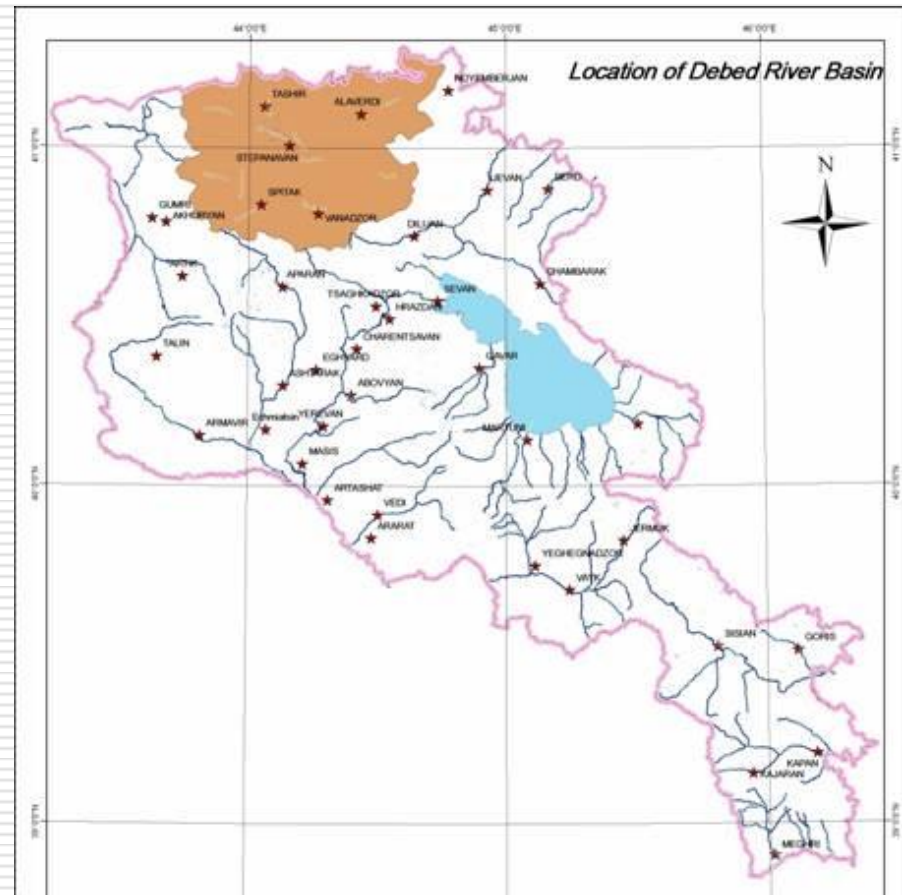
What could be priorities for further assessments and work under the OECD initiative?

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Eight Meeting of the Steering
Committee of the National
Policy Dialogue on IWRM in
Armenia

April 11, 2012
Yerevan, Armenia



What are general lessons? (1)

- Overall, economics has received “limited attention” in IWRM in Armenia (e.g. draft Debed river basin plan)...

 - ...Although...
 - There is **clear “policy demand”** for economics in Armenia (interest of the Armenian authorities, current regulatory framework, limited available financial resources....). E.g.
 - => **cost-effectiveness analysis** for defining best use of public financial resources
 - => new economic instruments for **“bringing new financial resources”** to support water policy

 - The **EU WFD** gives directions on how to apply economics (cost-recovery, incentive pricing, cost-effectiveness analysis, cost-benefit analysis....)
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What are general lessons? (2)

- It is important that new “IWRM projects” **apply “good WFD water economics”** (not limited to “cost assessment”) systematically so it effectively supports policy decision
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What are general lessons? (3)

□ On economic instruments:

- The **current experience** of Armenia in economic instruments (tariffs of water services, abstraction tax...) is a **clear first step**... that needs to be further developed
 - There are more **innovative economic instruments than you can imagine** (see experiences from other countries)...
 - ...But they need to be **considered jointly** with existing (other) regulatory/**command & control approaches**
 - ... and they need **more thorough assessments** (**sound ex-ante policy evaluation**) before any legislative step is taken (defining the “right level”, assessing potential impacts, identifying *pros & cons*...)
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What are general lessons? (4)

- To ensure economics play their due role, capacity needs to be strengthened
 - Economics as basic component of the university curriculum
 - Economists (and policy evaluation specialists) in water administration (*ex-ante* policy evaluation)
 - (Environmental) Economists in IWRM projects
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Imagining further work...

- Undertaking **more robust assessments** for individual economic instruments – which ones?
 -?
 - ?
 - Supporting the development of a **sound “financing strategy”** for achieving the “vision” (objectives) of the water sector
 - Developing and (water-) testing the **“impact assessment” framework** for supporting water policy making
 - Applying in particular **cost-effectiveness** and **cost-benefit** assessments
 - Other issues and suggestions
 - ... ?
 - ... ?
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Thanks for your attention!

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