



# Assessing the costs & benefits of the MSFD

Learning from the Evaluation study



MSFD workshop

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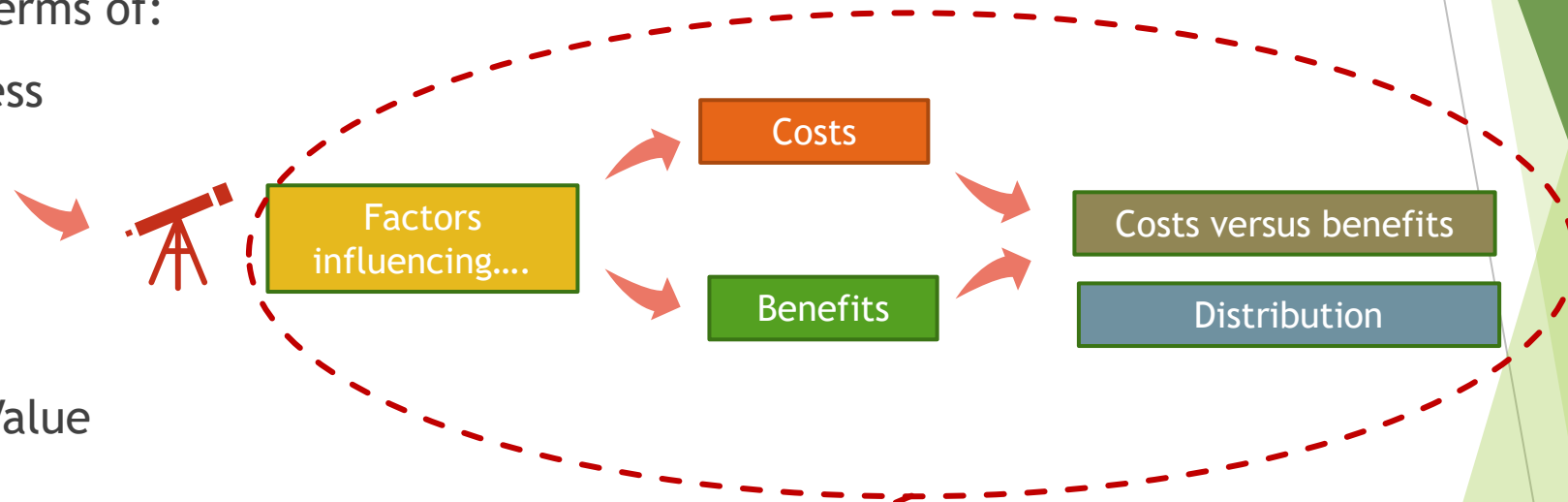
# The context

- ▶ The **(ex-post) evaluation of the MSFD**, investigating how the Directive has performed in terms of:
  - Effectiveness
  - Efficiency
  - Relevance
  - Coherence
  - EU Added Value

# What have we done? (1)

► The (ex-post) evaluation of the MSFD, investigating how the Directive has performed in terms of:

- Effectiveness
- **Efficiency**
- Relevance
- Coherence
- EU Added Value



- Spatial scale: EU, regional seas
- Temporal scale: from 2008 to 2022
- Incremental impacts of the MSFD alone

# What have we done? (2)

- ▶ **Extracting** socio-economic information from the first **Economic & Social Analysis (ESA)** and **Programmes of Measures (PoM)**
- ▶ **Reviewing** available literature
- ▶ **Mobilising** stakeholders' views (stakeholder survey, focus groups)
- ▶ **Using** existing statistics (e.g. labour costs, population...)
- ▶ **Analysing** the **Common Implementation Strategy (CIS)** process (e.g. estimating time and costs associated to participating in the process)
- ▶ **Making** assumptions (many)

# Illustration 1 - Assessing adjustment costs

- ▶ **Cost evidence from the first PoMs (6 Member States) extrapolated (population, coastal length, marine area) to the EU scale => between EUR 1 017.12 million and EUR 1 409.99 million per year**
- ▶ **From the 2020 report on the implementation of the MSFD**
  - ▶ 25 % of PoM's measures classified as 'new additional measures' (relevant to the MSFD).
  - ▶ 16 % of the new measures implemented
- ▶ **Yearly incremental adjustment costs of new measures estimated at between EUR 40.68 and 56.40 million per year**
- ▶ Beyond estimates of costs of measures, no evidence on **possible adjustment costs** for marine-based sectors nor on transmission to final consumers through price changes or the quality/availability of goods or services

# Illustration 2 - Assessing environmental benefits (1)

- ▶ Reviewing available Willingness To Pay studies relevant to the MSFD (comparing baseline scenario with MSFD scenario achieving GES)
- ▶ Estimating values for Member States with no primary valuation data
- ▶ Multiplying WTP information (from original valuation studies and from value transfer) by the total adult population of EU countries bordering a regional sea (336.8 million people as of 2020)
- ▶ Potential aggregate benefits of reaching GES in Europe's regional seas estimated at EUR 13.6 billion per year
- ▶ Unclear....
  - ▶ Which share of these annual benefits have been delivered by the MSFD implementation by 2022
  - ▶ Which share of these annual benefits can be attributed to individual descriptors

## Illustration 2 - Assessing environmental benefits (2)



*Notes: WTP values reported in valuation studies (not adjusted for purchasing power parities).*

# Costs and benefits

- ▶ Mostly administrative costs: labour, monitoring
- ▶ Costs of 'new measures' still relatively limited (1<sup>st</sup> PoM)
- ▶ Compliance costs are in line with *ex-ante* estimates (2005 impact assessment of the forthcoming MSFD)
- ▶ Potential environmental benefit of reaching GES (assuming full implementation of MSFD measures) is estimated at 13,6 billion EUR per year based on WTP studies
- ▶ Compliance costs are minimal when compared with (potential) benefits
- ▶ True cost/benefit comparison is a challenge today

COSTS	
<b>Administrative costs</b>	
Labour costs from MSFD administrative activities	EUR 62.5 million per year
Labour costs from CIS participation	EUR 28.14 million per year
Other costs (monitoring programmes)	EUR 315.93 million per year
<b>Adjustment costs</b>	
Costs of implementing PoMs	EUR 40.68 million - EUR 56.40 million per year
<b>Total direct compliance costs (admin. + adjustment costs)</b>	<b>EUR 447.25 million - EUR 462.97 million per year</b>
Indirect compliance costs	Policy incoherence; lost opportunities - limited to date
BENEFITS	
Efficiency gains	Reduced admin burden, improved knowledge base, better cooperation across regional and sectoral scales
Welfare gains	13,6 billion EUR (potential)



# Looking for inspiring suggestions... for assessing costs

- ▶ Q1. Which **cost category(ies)** are likely to be **most important** - and why?
- ▶ Q2. Which available data and studies to estimate **administrative costs** of the MSFD implementation? Which key factors or parameters influencing these costs?
- ▶ Q3. Are **adjustment costs** to the MSFD implementation already taking place? If yes, for which sector(s) and as a result of which MSFD obligation or measure? Have such adjustment costs been translated into changes in the quality and/or price of goods and services? (for which sector/service/good)
- ▶ Q4. Would you know of studies and data sources that have investigated different cost types related to the implementation of marine policy? In particular, which cost types have been the focus of **studies carried out for supporting the second PoMs**?

# Looking for inspiring suggestions... for assessing benefits

- ▶ Q1. Do you know of studies that have assessed, quantified and/or monetised **efficiency gains** (e.g. reduced costs of measures because of enhanced coordination, more targeted measures benefiting from the new scientific knowledge produced, etc.) resulting from the implementation of the MSFD's integrated framework, enhanced knowledge and strengthened (regional) cooperation?
- ▶ Q2. Which **alternative** (e.g. cost-based) **methods** could be proposed to assess the MSFD **environmental (actual and potential) benefits** at the regional sea and/or EU scale?
- ▶ Q3. Would you know of studies and data sources that have investigated **different types of benefits** related to the implementation of marine policy? In particular, which benefit types have received particular attention in **studies supporting the second PoMs**?

# And many more ideas and suggestions for strengthening the assessment of ...

- ▶ Costs
- ▶ Benefits
- ▶ Factors than explain the order of magnitude of costs and benefits
- ▶ Distributional impacts (who bears costs, who captures benefits)



*Many thanks for your attention*

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