

# MEASURING REGULATORY PERFORMANCE IN THE WATER SECTOR

Vittorio Carlet\*

## Abstract

Our purpose is to study the water management sector under an institutional perspective, by investigating the relationship between administrative governance and water sector performance (or regulatory effectiveness). As well known, several regulatory agencies are involved at different tiers of governance (EU, national, regional, local), pursuing different objectives (economic efficiency, equitable tariffs, environmental sustainability, short-run private interests, etc.), making use of different tools (price mechanisms, quality parameters, subsidies, etc.), operating at different stages of the regulatory process (design, implementation and enforcement), and continuously interacting (actively and passively) among themselves. It is not to say that such a complex administrative governance affects regulatory effectiveness and, hence, water sector performance. In our view, it is the overall coordination and coherence among goals, tools, agencies and phases of the regulatory frame/process that contributes to determine water sector performance, and does it in a more penetrating manner than legislative and policy measures designed at EU level. We develop the paper as follows. First, we identify some relevant indicators (such as, the number of intervening agencies, regulatory tools adopted and tiers of governance involved, the extent of the institutional interactions between agencies, tools and phases, etc.) to classify the institutional settings observed in several EU member states. Secondly, we provide the general analytical frame in which to define the relationship between administrative governance and water sector performance. The proposed field of empirical investigation is provided by the actual implementation of the EU Directive on urban wastewater treatment (issued in 1991), of which the objective is to protect the environment from the adverse effects of urban waste water discharges and discharges from certain industrial sectors. From several reports issued by the European Commission, based on information provided by the member states, we can assess: the transposition of the Directive into national legislation, the implementation programmes and the situation reports on the disposal and re-use of treated urban wastewater and sewage sludge; the status of collecting systems, the efficiency of treatment plants (i.e. treatment level and monitoring results) and the quality of receiving waters; and the status of discharges from the food-processing industry to surface waters.

**Keywords:** regulation; governance; water management

**JEL code:** L51, L95, Q01