

## **SOCIAL PREFERENCES FOR IMPROVING WATER QUALITY: AN ECONOMIC ANALYSIS OF BENEFITS FROM WASTEWATER TREATMENT**

**A. KONTOGIANNI<sup>1</sup>, I. H. LANGFORD<sup>2,3</sup>, A. PAPANDEOU<sup>4</sup> M S. SKOURTOS<sup>1</sup>**

<sup>1</sup> Department of Environmental Studies, University of the Aegean, Mytilene, Lesvos,  
Greece

<sup>2</sup> Centre for Social and Economic Research on the Global Environment, School of  
Environmental Sciences, University of East Anglia, Norwich, UK

<sup>3</sup> Centre for Environmental Risk, School of Environmental Sciences, University of East  
Anglia, Norwich, UK

<sup>4</sup> Department of Economics, University of Athens, Greece

### **ABSTRACT**

Greece has a large number of waste water treatment plants (WWTP) under construction or recently completed. However, whilst the European Union provides funds for the capital development of WWTPs, there is often a lack of funding to maintain full operation of these plants. This study examines the case of a WWTP in Thessaloniki, Greece, which is currently only partially operational. We use the contingent valuation method to examine the willingness to pay of individuals to ensure the full operation of the WWTP, leading to significant improvements in the water quality of Thermaikos Bay, which is adjacent to Thessaloniki. The average amount pledged of 5189 Greek drachmas due every four months as an incremental increase in water rates matches the funding required to fully operate the plant. By examining the motivations of those willing to pay, we find that a complex combination of consumer and citizen modes of cognition, linked to self identity and pride in the city as well as moral and ethical concerns, determine individuals' commitment to the water quality improvement scheme. These findings have serious policy implications for gauging public support for environmental improvements.