

# WFD and Agricultural linkages at the EU level: state of play

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# 1. Background

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- There are strong interrelations between agricultural practices and water quality
- Agriculture is one of the major causes of water degradation see: Herbke et al. (2005), “WFD and Agriculture: Analysis of Pressures and Impacts, a synthesis of the WFD Art. 5 reports”  
<http://www.ecologic-events.de/cap-wfd/index.htm>
- The primary goal of the WFD is to achieve “good status” of all waters; agricultural practices may impede this
- Agriculture also strongly depends on sufficient water of sufficient quality

## 1. Background

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- Currently intensive work and discussion in this link: SSG (Strategic Steering Group) at EU-level (as part of the CIS)
- Lead: UK & EU-COM
- Ecologic/Warsaw University support this work through a “policy-oriented research project” (DG research, 6.FP)
- A number of paper produced/in preparation: Pressures and Impacts from agriculture, Cross-Compliance, Rural Development, Water Pricing, Co-operation
- Presented & discussed at two conferences (London/Vienna); to be endorsed by EU-Water Directors in June 06



## 2. Objectives of the WFD

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- Achievement of “good status” for all waters by 2015 (quality and quantity)
- Protect related aquatic ecosystems
- Prevent further deterioration
- Reduce discharges of certain priority substances

## 2. WFD Basic Principles and Instruments

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- Art. 1, 4: Environmental objectives ('good status' by 2015) and non-deterioration clause
- Art. 11, 13 & 15: River Basin Management Plans (RBMP) including Programmes of Measures (PoM)
- Art. 9: Application of polluter-pays principle connected to the provisions of cost recovery of water services
- Art. 14: Supporting transparency with public participation



### 3. Objectives of the CAP

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- Ensuring a stable supply of affordable and safe food
- Providing a reasonable standard of living for farmers
- Ensuring that the environment is protected for future generations
- Ensuring that all regions can sustain farming
- Looking after the well-being of rural society



## 3. CAP Basic Principles - Pillars 1 & 2

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### **Pillar 1:**

Market and income support measures (direct payments and market related payments)

*European Agricultural Guarantee Fund (EAGF)*

### **Pillar 2:**

Rural development measures (environment, food safety, etc.)

*European Agricultural Fund for Rural Development (EAFRD)*





## 3. CAP Basic Principles - Mid-Term Review

### **Introduction of decoupled payments - Single farm payments**

From 2005 onwards: vast majority of direct payments are paid to farmers independently of their production

### **Cross Compliance**

Subsidies linked to the respect of environmental, food safety, animal health and welfare standards: Statutory Management Requirements (SMR) and Good Agricultural and Environmental Condition (GAEC)

### **Reduction of direct payments for bigger farms ('modulation')**

Funds will be switched from production (Pillar 1) to RD measures (Pillar 2); shift of funds is called 'modulation'

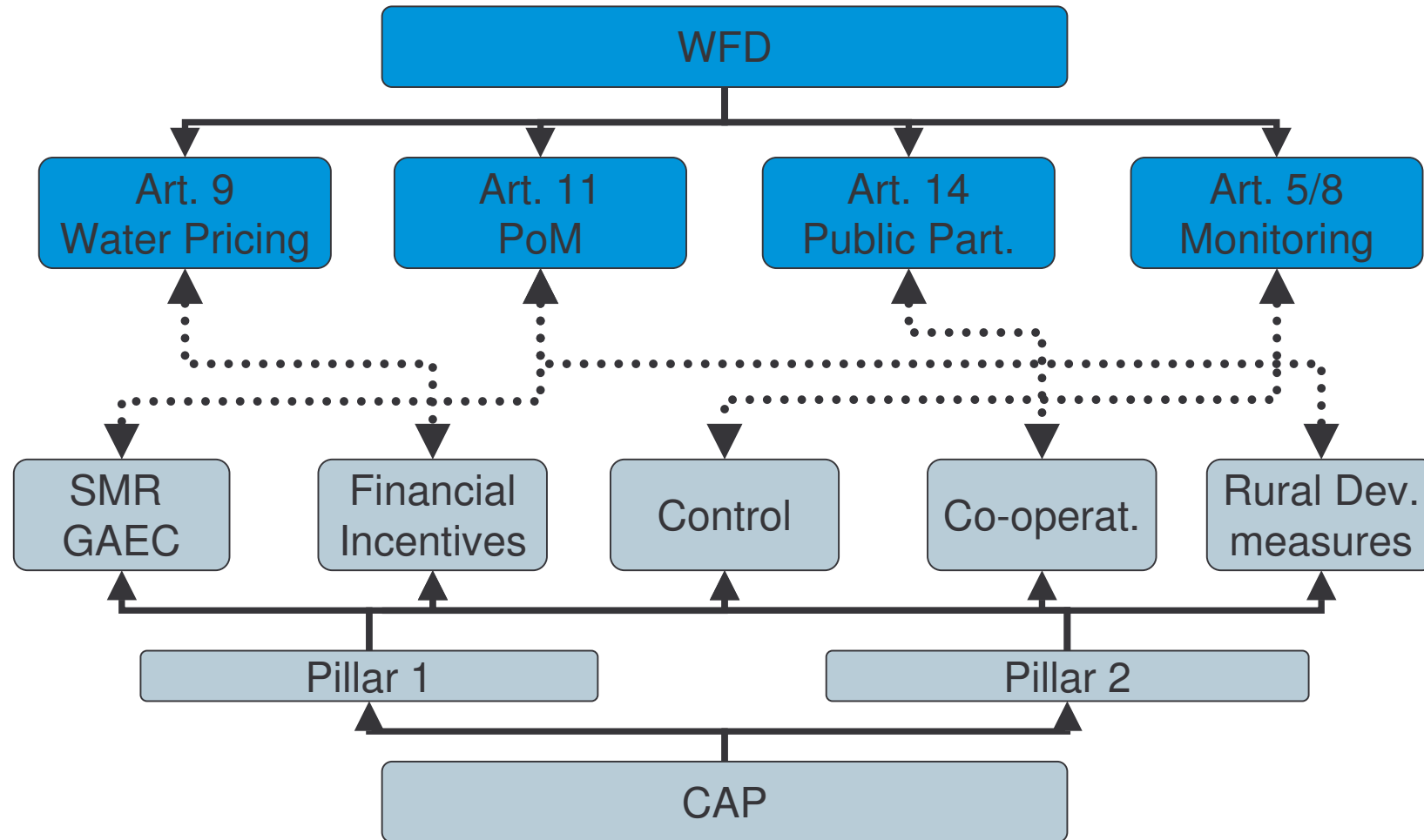
### **Financial discipline**

Mechanism to ensure that farm budget fixed until 2013 is not overshot

### **Revision of market policy of CAP**

Related to milk, cereals, rice, durum wheat, nuts etc. sectors

## 4. CAP & WFD Interlinkages



## 5. Timetables

Year	Common Agricultural Policy (CAP)	Water Framework Directive (WFD)
2000	Approval of Rural Development Programmes under <b>Agenda 2000</b>	<b>Adoption</b> and coming into force of the WFD
2003	<b>CAP Reform</b> , including decoupling, cross-compliance, modulation, strengthened rural development policy	
2004		Analysis of the characteristics, <b>pressures and impacts</b> in river basins (according to Art. 5 WFD)
2005	<b>Cross-compliance</b> becomes compulsory, including introduction of Good Agricultural and Environmental Condition (GAEC)	
2006	End of 2000 – 2006 Rural Development programming period Final approval of <b>EU strategic guidelines</b> Drawing up and submission to Commission of <b>RD national strategies and measures</b>	<b>Monitoring</b> network must be established (according to Art. 8 WFD) Public consultation of <b>timetable and working programme</b> for the production of a river basin management plans (according to Art. 14 WFD)
2007	Start of new Rural Development Programmes Report on cross compliance	Interim report of <b>significant water management issues</b> (according to Art. 14 WFD)
2008	<b>Review of 2003 CAP Reform</b> (according to Article 8 Regulation (EC) No 1782/2003)	Public consultation on the <b>river basin management plans</b> (according to Art. 14 WFD)
2009		River basin management plans (according to Art. 13 WFD)
2013	End of 2007 – 2013 Rural Development programming period	
2015		Achievement of <b>good status</b> in all European water bodies (according to Art. 4 WFD)

Linking the implementation processes of both policy fields



## 6. What is Cross-Compliance?

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- Instrument from the 1st pillar of CAP
- Links direct payments to the compliance with standards
- Aim: to enhance enforcement of EU legislative and mandatory standards in the fields of
  - **Environment**
  - **Nature and biodiversity**
  - **Food safety**
  - **Animal health and welfare**
  - **Good agricultural and environmental conditions**

## 6. Main elements of CC

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### Two types of standards:

- Statutory Management Requirements (SMR)
  - Requires compliance with particular articles of 19 EU Directives
  - 16 are obligatory since beginning of 2005/2006
  - 3 standards will become obligatory in 2007
- Good agricultural and environmental conditions (GAEC)
  - **National implementation**

# Water Framework Directive

# Cross Compliance Regulation

Programs of measures

Standard management Requirements

Good agricultural and environmental conditions

Conservation of natural habitats, wild flora and fauna Directive

Conservation of Wild Birds Directive

Groundwater Directive

Sewage Sludge Directive

Nitrates Directives

others Directives under CC (e.g. plant protection products)

others Measures under the WFD

—————> Legal linkages on EU level  
- - - - -> possible link



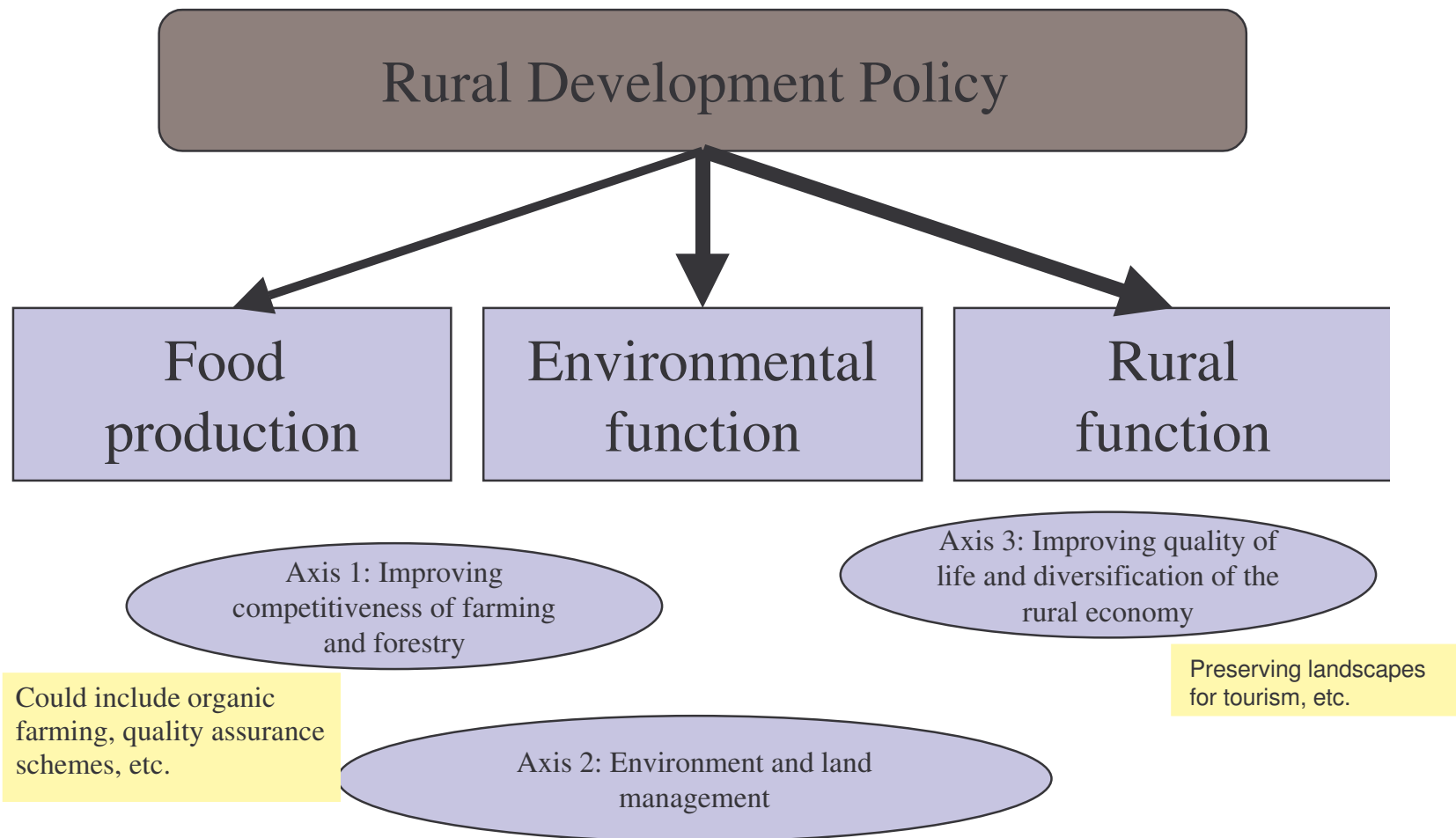
## 6. GAEC

Defined by member state according to basic framework:

Issue	Standard
Soil erosion: Protect soil through appropriate measures	<ul style="list-style-type: none"> <li>• Minimum soil cover</li> <li>• Minimum land management reflecting site-specific conditions</li> <li>• Retain terraces</li> </ul>
Soil organic matter: Maintain soil organic matter levels through appropriate practices	<ul style="list-style-type: none"> <li>• Standards for crop rotations where applicable</li> <li>• Arable stubble management</li> </ul>
Soil structure: Maintain soil structure through appropriate measures	<ul style="list-style-type: none"> <li>• Appropriate machinery use</li> </ul>
Minimum level of maintenance: Ensure a minimum level of maintenance and avoid the deterioration of habitats	<ul style="list-style-type: none"> <li>• Minimum livestock stocking rates or/and appropriate regimes</li> <li>• Protection of permanent pasture</li> <li>• Retention of landscape features</li> <li>• Avoiding the encroachment of unwanted vegetation on agricultural land</li> </ul>



## 7. RDR 2007-2013 main objectives







## 7. Four axis of RDR (2007-2013)

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- Three main axis:
  - Axis 1: Competitiveness  
increasing competitiveness through support for restructuring
  - Axis 2: Environment  
Enhancing through support for land management, payments  
subject to cross-compliance
  - Axis 3: Rural quality of life  
Strengthening quality of life and promoting diversification
  - Also fourth implementation axis - LEADER  
streamlines local development strategies which should be  
developed from the bottom up

## 7. EU Strategic Guidelines for RD (Art. 9)

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- Set strategic priorities for RD for programming period (2007 - 2013)
- Aim to implement axis and act as basis for national strategy plan
- Should integrate environmental objectives under axis 2
- This should contribute to other policy targets including those of the WFD
- Member states should focus on key actions e.g. promotion of environmental services, adherence to mandatory standards, preservation of landscape, organic farming, etc.

## 7. Overview of RDR measures (I)

	Pollution	Alterations of hydrologic regimes	Hydro-morphological modification	Soil erosion
<b>Rural Development Axis I</b>				
Natural disaster & prevention actions (Art. 20 b ((vi))	0	0	+++	+++
Vocational training and information actions (Art. 21)	+++	+++	+	+++
Setting up of young farmers (Art. 22)	+	+	0	+
Early retirement (Art. 23)	+	+	0	+
Use of advisory services (Art. 24)	+++	+++	+	+++
Setting up management, relief and advisory services (Art. 25)	++	++	+	++
Modernisation of agricultural holdings (Art. 26)	+++/-	+++/-	0	+++/-
Improvement of the economic value of forests (Art. 27)	+	+	+	+
Infrastructure related to the development and adaptation of agriculture and forestry (Art. 30)	++/--	++/--	--	++/--
Meeting standards based on community legislation (Art.31)	+++	+++	++	+++
Semi-subsistence farming (Art. 34)	+/-	+/-	0	+/-

+++	very relevant (positive)	---	very relevant (negative)	0	not relevant
++	relevant (positive)	--	relevant (negative)		
+	indirect linkage (positive)	-	indirect linkage (negative)		

## 7. Overview of RDR measures (I)

	Pollution	Alterations of hydrologic regimes	Hydro-morphological modification	Soil erosion
<b>Rural Development Axis II</b>				
Natural handicap payments in mountain areas and payments in other areas with handicaps (Art. 37)	++	++	++	++
NATURA 2000 payments and payments linked to the WFD (Art. 38)	+++	+++	+++	+++
Agri-environmental payments (Art. 39)	+++	+++	+++	+++
Non-productive investments (Art. 41)	++	++	++	++
First afforestation of agricultural land (Art. 43)	+++	++/--	+++	+++
First establishment of agroforestry systems on agricultural land (Art. 44)	+++	++	+++	+++
First afforestation of non- agricultural land (Art. 45)	++	++/--	+++	+++
Natura 2000 payments (Art. 46)	+	+	+	+
Forest-environment payments (Art. 47)	+++	+++	+++	+++
Restoring forestry potential and introducing prevention actions (Art. 48)	0	0	+	0
Non-productive investments (Art. 49)	++	++	++	++
<b>Rural Development Axis III</b>				
Conservation and upgrading of the rural heritage (Art. 57)	++	++	+	++
Skills acquisition and animation (Art. 59)	+/	+/	+/	+/



## 7. Specific provision for WFD under RDR

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- NATURA 2000 payments and payments linked to the WFD (Art. 38)
  - to compensate for costs incurred and income foregone resulting from disadvantages in the areas related to the implementation the WFD.
  - detailed rules, including the maximum amount of support, will be fixed in the future
- currently not widely considered by the MS



## 7. Interlinkages RD and WFD

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- If well designed, RD measures can contribute to WFD objectives, however they could also hamper them
  - National RD network provides framework for coordination of measures at national level
  - LEADER provides a bottom up approach
- WFD could also support RD implementation
  - targeting at risk territories (Art. 5),
  - exemptions (Art. 4)
  - public participation provisions
- Approach chosen, should take account of scale and benefits to various stakeholders

## 8. Water pricing CAP & WFD

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Number of WFD-elements could have effects on water pricing  
(focus here: agriculture, but valid also for urban, industrial):

- polluter-pays
- incentive pricing
- adequate cost-recovery

On the other hand:

- CAP payment mechanisms do influence incentives and decision-making in agriculture
- possible social and economic adverse impacts, to be addressed through CAP?

## 8. CAP and its payments

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In order to better understand the relationship of WFD objectives to EU-agricultural policy:

- What incentives related to environmental standards are connected to CAP payments?

Current CAP payments to farmers:

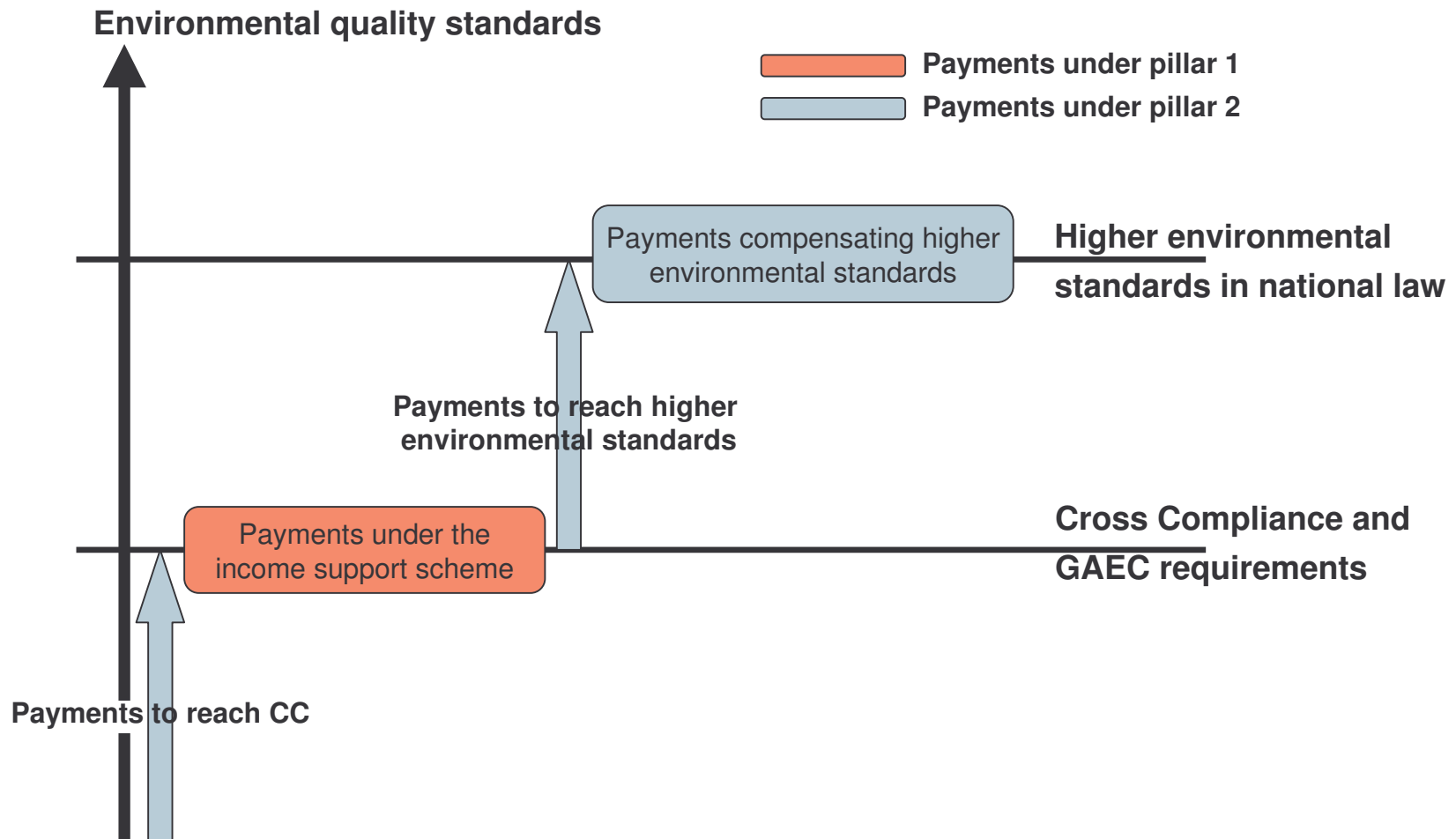
- Market and Income support (pillar 1)
- Rural developments (pillar 2)

--> Structuring these payments according to their link to environmental quality standards





## 8. CAP payments & environmental standards





## 8. Main links on water pricing between WFD & CAP

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Better, more detailed assessment of these linkages is needed,  
possible key issues:

- Linkages on incentives:
- Linkages on proportionality/acceptability
- Linkages on the compensation function:

## 9. Co-operating on water & agriculture: main topics

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- Use of WFD Article 5 Reports to target RD measures
- Monitoring for control (Cross compliance, Rural development, Programs of Measures)
- Advisory systems (awareness raising for water protection, sustainable water consumption)
- Development of common standards for GAEC (CAP) and good practices (WFD)
- Developing a water pricing system
- Development of sustainable RB and multifunctional rural areas
- Cross Cutting research

## 10. Research needs

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- Assessment of public opinion & willingness to pay
- Assessment of effects of WTO rules, interpretation and likely evolution
- Impact of energy policy on agriculture, including bio-materials, & water resource protection & management
- Evaluation of “agri-environmental” measures and their impact on water
- Assess the cost of different option of co-operation
- Detailed assessment of impacts of CAP payments on water use / incentives of pricing
- Assess the costs of inaction



## 11. Key messages (I)

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- WFD and CAP 2 major policies in Europe
- Some agricultural practices may hamper successful implementation of WFD
- Timetables are not matching, but “windows of opportunity” exist
- Need a common understanding of both policies and a coordinated approach
- Aim: sustainable (economic, social, environmental) rural areas and reaching the aims of WFD (good environmental status) at least cost



## 11. Key messages (II)

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- RDR provides several measures for sustainable water management
- Funding from RDR may be used to support implementation of the WFD but will not be enough alone
- RDR budgets and CC won't be sufficient to tackle all the pressures on water resources caused by agriculture
- Cross-compliance: GAEC provide opportunities for tailor-made solutions
- Current CC can be an important building block for WFD implementation, but it does not address all pressures

## 11. Key messages (III)

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- Assess the present CC system before deciding if it needs to be further developed (stepwise approach)
  - ensure full compliance first
  - improve standards (e.g. Annex III or IV of CAP Regulation)
- Advisory services crucial for success especially for implementing RD measures and Cross Compliance
- Water pricing can be a powerful measure for reaching WFD objectives
- Facing social and economic effects of WFD implementation for agriculture is crucial;
- Co-operation key issue for success!

# Thank you for listening.

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