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COVER NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	European Court of Auditors' Special Report N°20/2021: Sustainable water use in agriculture: CAP funds more likely to promote greater rather than more efficient water use - <i>Presentation</i>

Delegations will find attached the presentation by the European Court of Auditors on its Special Report 20/2021: Sustainable water use in agriculture: CAP funds more likely to promote greater rather than more efficient water use, which will be presented at the Informal videoconference of the members of Working Party on Financial Agricultural Questions on the 30 November 2021.

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30 November 2021

Special Report N°20/2021:

Sustainable water use in agriculture: CAP funds more likely to promote greater rather than more efficient water use



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Why did we do this audit?



Audit scope and approach



Observations



Recommendations



Why did we do this audit?



- EU water policy (WFD) aims at good qualitative and quantitative status for water bodies
- Climate change is making freshwater scarcer in the EU and forecasts indicate that water stress is likely to increase
- Agriculture needs water - agriculture is responsible for 24% of water abstraction in the EU
- Past ECA audits focused on water quality rather than water quantity



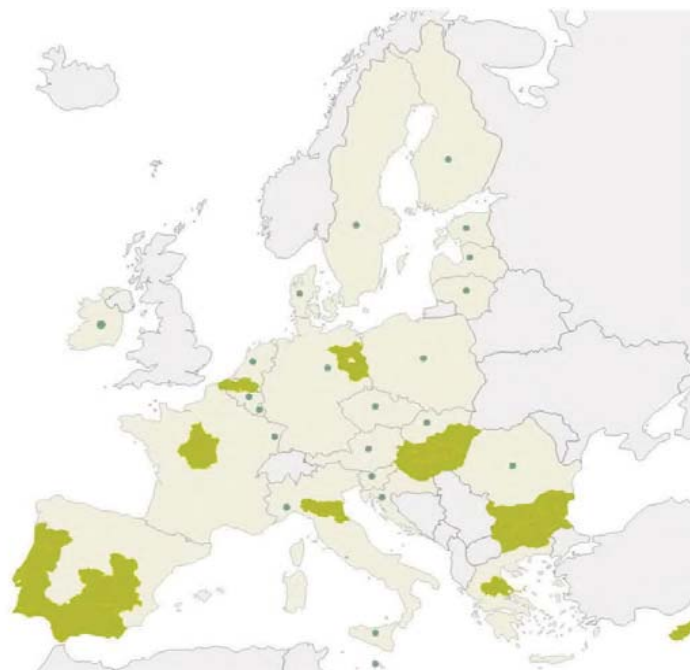
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What did we look at?

Impact of EU agriculture on the quantitative status of water

- To what extent does the **WFD** promote sustainable water use in agriculture?
- To what extent do **CAP direct payment** schemes take account of the WFD principles of sustainable water use?
- To what extent have **CAP rural development and market measures** taken up the WFD principles of sustainable water use?



- ✓ 11 extended desk reviews (regions/Member States)
- ✓ 24 desk reviews of RDPs



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Observations

1

**WFD provides for safeguards against unsustainable water use
BUT**

MS apply many derogations to water abstraction authorisation

- Certain types of water bodies, users or uses
- Legacy abstractions
- Up to a certain volume or abstraction capacity

Cost recovery is lower in agriculture than in other sectors

- Lower water abstraction fees for agriculture
- Price reductions for irrigation water
- Environmental and resource costs not reflected in water pricing

WFD implementation progresses slowly

- Little progress in improving water body status due to reducing abstraction pressures
- Cost recovery for water services is incomplete



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Observations

2

CAP direct payments do not significantly encourage efficient water use

Income support

- SAPS/BPS/greening do not impose obligations on sustainable water use

VCS support

- VCS support to water-intensive crops in water-stressed regions

Cross compliance

- Does not apply to all CAP beneficiaries
- Checks are incomplete
- Post-2020 CAP: controls over water abstraction become mandatory

Observations

3

**RD and market measures fund agricultural practices and investments that affect water use
BUT**

RD is not often used to improve water quantity

Funding for irrigation projects has weak safeguards



- Natural water retention measures
- Reusing waste water for irrigation

- RD rules allow for multiple interpretations and exemptions
- Quality of checks insufficient
- CMO funds irrigation infrastructure without safeguards



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Recommendations

1

Justify exemptions to WFD implementation in agriculture

2

Tie CAP payments to compliance with environmental standards

3

Use EU funds to improve the quantitative status of water bodies



Recommendation 1: The Commission should request Member States to justify...

- a) Water pricing levels for agriculture
- b) Exemptions from the requirement for prior authorisation for water abstraction in agriculture



Recommendation 2: The Commission should...

- a) Make RD support for investments in irrigation conditional on the implementation of MS policies that incentivise sustainable water use
- b) Link all CAP payments to farmers to explicit requirements on sustainable water use
- c) Require safeguards to prevent unsustainable water use for VCS-funded crops



Recommendation 3: The Commission should ...

- a) Ensure that CAP-funded irrigation projects contribute to WFD objectives (through approval of post-2020 CAP strategic plans)
- b) Evaluate the impact of RD funding and market support on water use in the post-2020 CAP

THANK YOU

for your attention!

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