



## IMPLEMENTATION OF THE WATER FRAMEWORK DIRECTIVE AND ITS INTEGRATION IN THE CAP

With particular reference to the issue of water resources, it is considered that the ex ante conditionality, if not properly interpreted, is likely to block the use of CAP funds 2014-2020 and then the development and modernization of irrigated agriculture with its failure to achieve parallel environmental objectives.

With reference to the planning and programming of the management plans for the period 2015-21, the ERC evaluation (*Environmental Resources Costs*) falls in the update of the economic analysis required by the Directive. Under this approach, environmental costs will be considered internalized when the program of measures (the Plan) has been implemented and the associated costs, identified in the economic analysis and considered efficient, have been met or offset.

It should be noted that the method identified by the guidelines is potentially applicable to all uses, including agriculture. The problem will examine to what extent the costs are already internalized or possibly decide whether and to what extent it is necessary to internalize them. This assessment is the responsibility of district authorities operating in coordination with the regions (the environment), but requires close and continuous coordination with the Mipaaf and the Regions (the agriculture) because of operational and technical implications that may arise (revised concessions of derivations, increased costs for farmers).

The recovery of the cost of water (including environmental and resource costs) through contribuenza irrigation, is very important for the agricultural sector, as it could lead to a revision of the concessions in terms of volume and amounts. In this context, the agricultural sector has ratified a document to the Ministry of the Environment in which an evaluation of the cost items that need to be retrieved through contribuenza.

The first item relates to the *financial cost*, consists of two items: the cost of fixed capital and operating cost. For the irrigation sector, the cost of fixed capital relating to investments irrigation (depreciation and interest on capital invested) is in charge of public finance, as the fundamental role of irrigation in the development of the agricultural sector is considered an expression of primary public interest and irrigation equipment are state property, that is owned by the state. Furthermore, with reference to the amount, given that public investment is funded in the last 60 years, they are largely depreciated. The financial cost also includes repairs which however, being borne by the state as is the case for all state property, it is unthinkable that it could fall, albeit small percentage, that end user. Routine maintenance, however, fall in operating costs, charged to owners' consortium in land reclamation, irrigation by contributions.

Regarding the *operating cost*, in Italy prices are applied to the prepayment and downstream use of water resources. The system, upstream, contemplates the recovery of operating costs and, at the same time, the environmental objectives, ensuring the environmental flow, the creation of artificial passages for fish and restocking of the same (payable by the dealer). These environmental objectives are an integral part of the license fee and are for institutions dealers who, in turn, will comprise the cost of water use that pay farmers who irrigate. Therefore, the current concession fees already comply with the principle of the appropriate cost recovery, as defined by the Directive. With regard to the downstream system, the contributions imposed by irrigation consortia to consortium members for the service rendered, taking into account operating costs, comprising the costs of the concessions, the operating costs of irrigation (operation and maintenance of

the works) and the costs of operation of government. The contribuenza is based on the distribution of spending among the users in proportion to the benefits achieved with irrigation. The recovery of these costs is therefore guaranteed by the consortia, and is adhered to the principle of full coverage of operational cost that is borne by the agricultural enterprises.

In relation to the *costs of the resource* it should first be pointed out that they must be kept distinct from the environmental costs, to avoid the risk of duplication. The opportunity cost of the resource, in fact, being linked to its scarcity and its use varies in space and time. In cases where there is no competition among uses it is important to highlight that this cost is null. In addition it should be noted that national legislation in force provides for the priority of agricultural use: in particular, Legislative Decree 152 of 2006 states that "in times of drought and in the cases of water scarcity, during which we proceed the adjustment of the leads in place, it must be ensured, after human consumption, the priority of the agricultural including the aquaculture activities. "

With reference to the *environmental cost* the main issue is to evaluate it in relation to only the indiscriminate use and abuse and, together with the costs, to account also the environmental benefits related to irrigation. These, in fact, although little analyzed and communicated, are of high magnitude. Here are some examples:

- the drainage canals also perform a function of drain rainwater, preventing the accumulation of excessive water may cause flooding, providing serious damage to agriculture and to the community, so the use of the resource keeps the channel level remains suitable safety planning;
- the drainage canals, with their extension throughout the country, contribute to the maintenance of biodiversity, the value of which is not currently included within the environmental impact assessment, artificially confined to only the primary system consists of the natural water course and not extended to its interconnections .
- irrigation systems sliding promote percolation and groundwater recharge, as well as the maintenance of the phenomenon of springs, especially in the Po Valley.

Regarding instruments of internalization of costs, the Directive does not impose specific terms of coverage and gives Member States the possibility of adopting policies of funding and public contribution, so the constant reference to the adoption of volumetric rates for all uses, including agriculture, it would seem inappropriate. In addition to the two main options, in fact, taxation by the State pricing and direct dependents of the end user, there are tools with intermediate characteristics which must be taken into account and that can be integrated. Among the tools for handling extreme cases of shortage (linked to the cost of the resource), for example, you can consider the decision rules assigned to planning mechanisms, with the direct participation of the users to the negotiating table, as can be, a cabin the director (see the case of the drought of the Po). In this context, the presence of collective and individual operators is a useful added value in the negotiating tables.

It is believed that the above considerations may point to a more comprehensive use of economic resources allocated to national and regional irrigation works of our country under the CAP 2014-2020.