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Study | 23.02.2021

Where does the EU money go?

An analysis of the implementation of cap funds in Bulgaria, the Czech republic, Hungary, Slovakia and Romania

In recent years, we have seen mounting evidence that the European Union's funds in Central and Eastern Europe (CEE), particularly EU agriculture subsidies, tend to end up in the hands of local oligarchs connected to the political elites or big (agro) conglomerates rather than helping the small- and medium-sized farmers. The cases, which include conflicts of interest, nepotism or outright corruption and fraud, have made international headlines.

These are serious developments, which could potentially hinder the EU in its efforts to achieve its goals on a number of levels. Firstly, this creates doubts about the EU's ability to implement its budget effectively by avoiding risks related to corruption, fraud and misuse of EU money. Secondly, it calls into question whether the actual distribution of EU funds is serving the goals of the EU, such as protecting biodiversity, fighting climate change and inequalities or whether it serves the interests of the economic and political elite. Thirdly, this could overshadow and undermine the EU's fight for the rule of law in the EU while its funds may possibly help to finance illiberal leaders and populists directly or indirectly.

In many Central and Eastern European (CEE) countries, such as Bulgaria, the Czech Republic or Hungary, these scandals have triggered massive public protests in recent months and years. The public in those countries is very reliant on the EU institutions, particularly the European Commission, to ensure that such mismanagement of EU funds is prevented. However, it is a sad irony that, often, many of these cases still seem to be taking place 'too far away' from the attention of Brussels.

The Greens/EFA group in the European Parliament therefore commissioned this study to look in more detail into the practice of implementation of EU agricultural (AGRI) funds in five Central and Eastern European member states. The analysis covers Bulgaria, the Czech Republic, Hungary, Slovakia and Romania and offers insights from these countries.

The report aims to assess questions about:

- who benefits from the land and from the EU subsidies in the five member states;
- how far big and small players operate on an equal footing in the markets;
- what the potential links to the oligarchic structure are; and

- how the authorities implement existing rules and ensure that the EU tax payers' money is correctly distributed.

During these times of the Covid-19 global pandemic, a deep economic crisis, sharply growing deficits and increasingly empty public coffers, it is of the utmost importance that the EU budget is administered properly in order to support the well-being of all EU citizens and not in order to fill the pockets of those who are politically and economically powerful or well connected.

Hopefully, this report will shed more light on the situation in some of the EU member states vis-a-vis the administration of EU AGRI funds and stimulate activities to further strengthen parts of the EU toolbox that will protect the EU budget.

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