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# COMPARATIVE ANALYSIS OF THE AGRICULTURAL AND ENVIRONMENTAL POLICIES FINANCED IN THE PERIOD 2023–2027 IN FOUR EUROPEAN UNION MEMBER STATES

### ABSTRACT

The paper briefly presents an analysis of the priorities regarding the agricultural and environmental policies within the National Strategic Plans (NSP) 2023–2027. The four selected countries are: Romania, Bulgaria, Hungary and Poland. Due to the fact that the Common Agricultural Policy (CAP) has allocation on specific measures, it allows us to compare each element of the EU budget in the selected countries.

Key words: EU, CAP, EU budget, agricultural and environmental policies.

JEL Classification: Q14, Q15, Q18.

### **1. INTRODUCTION**

The *force majeure* situations from the last three years (climate change, increased stress on biodiversity, health crisis due to 00the COVID-19 pandemic as well as Russia-Ukraine conflict) have put pressure on the agro-environmental policies of the future. All the EU Member States dream about an efficient and environmentally-friendly agriculture, even with an important ecological agriculture component. This study aims to briefly analyse the agricultural and environmental policies in four Member States based on the CAP budget and the financial allocations in the period 2023-2027.

## 2. STATE OF KNOWLEDGE

Due to the existing literature, the state of knowledge is advanced in terms of agricultural and environmental policies after 2020. There is a legislative framework in place since 2021. In December 2019, the European Commission prepared a

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package of initiatives with the declared goal of reaching climate neutrality by 2050. This package has become the environmental strategy of the EU, called the European Green Deal (EC, 2019). The European Green Deal aims at a new set of agricultural and environmental policies in order to create profound transformations through several initiatives with major impact on agriculture, food industry and agro-environmental policies. These are the "EU Biodiversity Strategy for 2030" (EC, 2020a) and the "Farm to Fork Strategy" (EC, 2020b).

Important input with relevance was found in the declared objectives (EC, 2018). "EU Biodiversity Strategy" aims at "Bringing nature back into our lives" by 2030 (EC, 2020a), while the "Farm to Fork Strategy" aims at "a fair, healthy and environmentally-friendly food system" (EC, 2020b).

By December 2022, all the CAP Strategic Plans by countries were approved (EC, 2022a; EC, 2022b). The literature review includes all updated statistical data (EC, 2023a) as well as the available analysis on CAP Strategic Plans (EC, 2023b; EC, 2023c; EC, 2023d). The financial allocations in the Annex to the implementing decision (EC, 2023c): Hungary (8 November 2022), Bulgaria (9 December 2022), Romania (14 December 2022).

The unjustified and unprovoked military aggression by the Russian Federation against Ukraine and the ongoing armed conflict has fundamentally changed the security situation in Europe and the Commission has suspended the preparation of Interreg programmes between the Union and the Russian Federation and Belarus respectively. Consequently, the global amounts for 2022 allocated to Interreg cross-border cooperation programmes for which the preparation was suspended, were redistributed to other Interreg programmes. Poland updated the Annex to the implementing decision on August 30, 2023 (EC, 2023c).

### **3. MATERIAL AND METHOD**

The analysis and synthesis methods have been used in selecting and comparing processes in the four Member States.

In order to perform the analysis, relevant bibliographic sources have been used. The literature review already mentioned: EU legislation in place, European Green Deal, Farm to Fork Strategy, Statistical Factsheets (EC, 2021), information from specialised literature, published scientific articles, relevant books for the scope of this study, analysis and studies, official documents of different national and international bodies (Ministry of Agriculture and Rural Development of Romania, European Commission) and economic news.

Another method used in this study was filtering, gathering and analysis of complementary information (internet, publications), based on complex documentation.

The research instrument was the comparative method (statistical data), analytical method (EU budget for CAP) and description method (analysis of the financial allocations in the selected countries).

The European Union databases were the main source to allow a coherent and comparable set of indicators to be used related to the analysis of CAP Strategic Plans (CSP) by selected countries, the CAP budget and specific agricultural and environmental policies.

### 4. RESULTS AND DISCUSSIONS

### 4.1. DETAILS REGARDING THE SELECTION OF THE FOUR COUNTRIES FOR THE COMPARATIVE ANALYSIS

The selected countries are: Romania, Bulgaria, Hungary and Poland. The selection has taken into consideration that all four are new Member States in the EU: Hungary and Poland since 2004, Romania and Bulgaria since 2007, at a distance of only three years. All four had the experience of the communist period, with a similar negative impact on economy and agriculture.

According to the European Commission factsheets from 2018, Agriculture, forestry and fisheries as % of total Gross Value Added (GVA) in 2017 accounted for 4.8% in Romania, 4.3% in Bulgaria, 3.9% in Hungary and 2.4% in Poland. Although in the EU area, this indicator is smaller in case of old Member States, it is obvious that the indicator is double in Romania compared to Poland. These four countries share a common history, but the economic development and agricultural situation is different.

In terms of the indicator Population living in rural area in 2020, it can be said that Romania is the most rural country: 53.1% of total population is rural population. Poland comes second, with 35.7%, while Hungary and Bulgaria have lower levels: 18.6% and 13.0% respectively. It is easier to understand the situation when the indicator is analysed as share in EU-27 2020: rural population from Poland represents 14.6% of total rural population in EU-27. In Romania, the indicator is 11%, in Hungary approximately 2%, while in Bulgaria it is only 1%.

Last but not least, the total expenditure (EU budget only) for the selected countries is almost 20% out of total CAP budget of EU-28 2020.

### 4.2. FINANCING THE AGRO-ENVIRONMENTAL POLICIES

The two pillars of the period 2014-2022 are now combined under single CAP Strategic Plans (CSPs) and Member States (MS) were asked to commit significant resources to green and sustainable objectives, primarily via eco-schemes. The proportion between EAGF and EARDF is 75.4% for EAGF and 24.6% for EARDF, which is a proportion similar to that in the previous programming period.

The indicator Agricultural expenditure for 2023 – 2027 (Table 1) reveals that Poland receives 4 times more than Bulgaria and Romania receives three times more than Bulgaria (in EUR and as percentage in total EU-28). Total expenditure (EU

budget only) for the selected countries is 19.5% (51 billion EUR out of 260.9 billion EUR for total EU-28 2022).

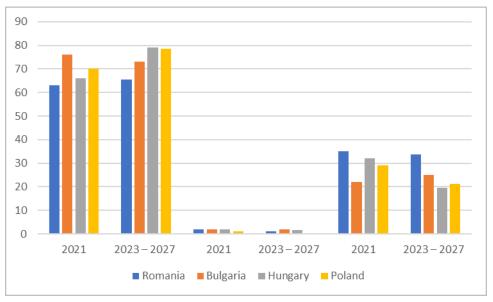
| Selected countries | Total expenditure (EUR) | % of total expenditure |  |
|--------------------|-------------------------|------------------------|--|
| Bulgaria           | 5,638,521,557           | 2.16                   |  |
| Hungary            | 8,400,488,505           | 3.22                   |  |
| Poland             | 22,052,450,297          | 8.45                   |  |
| Romania            | 14,960,960,985          | 5.73                   |  |
| Total EU-28        | 260,926,400,000         | 100.00                 |  |

Table 1

Agricultural expenditure for 2023-2027 (EU budget only)

Source: Author's calculations based on European Commission, 2022b

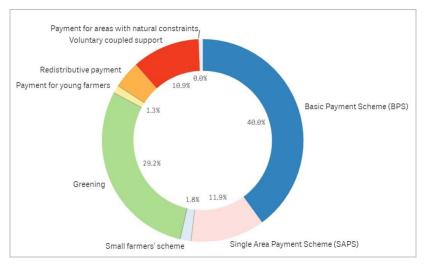
If a comparison is to be made between the structure of CAP budget (Direct payments, Sectoral support and Rural development) in all four selected countries in 2021 (claim period) versus 2023–2027, the result is that Direct payments remain the most prominent funding instrument of the CAP, followed by Rural development (Figure 1).



*Source*: Author's calculations based on European Commission, 2022b and https://agridata.ec.europa.eu/extensions/DashboardIndicators/Financing.html

Figure 1. Distribution of CAP expenditure per member state in 2021 (claim year) versus 2023–2027

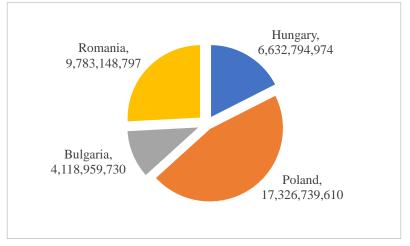
A Greener budget is an increasing trend since Romania acceded as full member state. Distribution of direct payment expenditure by schemes in 2021 (claim year) demonstrates that the greening part represented 30% (Figure 2).



Source: https://agridata.ec.europa.eu/extensions/DashboardIndicators/Financing.html

Figure 2. Distribution of direct payment expenditure by schemes in 2021 (claim year).

Economic support to farms via Direct Payments remains the dominant feature of the plans (Figure 3, Table 2). Basic income support for sustainability represents the largest share of direct payment funding (51.5%). While direct payments still represent the dominant form of intervention, a number of changes have been introduced and translate into: (1) significant increase in redistributive income support, (2) increase in the share of coupled income support and (3) introduction of new voluntary eco-schemes, with a wide variety of scopes and approaches.



Source: European Commission, 2022b

Figure 3. EU budget for Direct payments, in the period 2023-2027 (EUR/country).

Direct Payments primarily target the economic farm needs. The 2023- 2027 period also sees the introduction of the innovative eco-schemes to promote environmentally and climate-friendly farming practices. Rural development funding emphasises farm and environmental support, with a lower focus on nonagricultural development than in 2014-2022.

Direct payments are targeted at farmers, offering income support in the form of subsidies. Direct payments represent the majority of planned CAP expenditure. These include mandatory basic income support for sustainability (BISS, Article 21 of Regulation 2021/2115), redistributive income support (CRISS, Article 29) and eco-schemes (Article 31). Redistributive payments enable Member States to better support smaller farms by increasing the funding available for the first hectares below a defined threshold.

Poland is receiving a double amount of money for the Direct payments compared to Romania (17.3 billion EUR vs 9.7 billion EUR). The Direct payments are allocated on an increasing trend in Romania and Bulgaria, while in Hungary and Poland they are more or less constant, with a decrease in the last year of the financing period (Table 2).

| Country  | 2024          | 2025          | 2026          | 2027          | 2028          |
|----------|---------------|---------------|---------------|---------------|---------------|
| Romania  | 1,897,051,311 | 1,924,609,371 | 1,952,167,430 | 1,979,725,489 | 2,029,595,196 |
| Bulgaria | 808,258,686   | 816,888,275   | 825,517,864   | 834,147,452   | 834,147,452   |
| Hungary  | 1,347,402,452 | 1,347,402,452 | 1,347,402,452 | 1,347,402,452 | 1,243,185,165 |
| Poland   | 3,488,417,133 | 3,519,600,956 | 3,550,784,779 | 3,581,968,602 | 3,185,968,140 |

Table 2

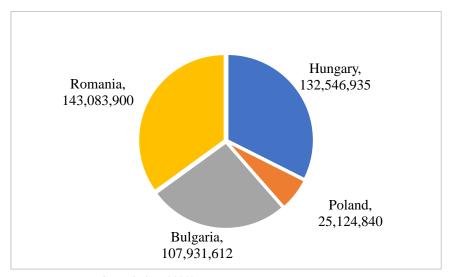
| Country  | 2024          | 2025          | 2026          | 2027          | 2028          |
|----------|---------------|---------------|---------------|---------------|---------------|
| Romania  | 1,897,051,311 | 1,924,609,371 | 1,952,167,430 | 1,979,725,489 | 2,029,595,196 |
| Bulgaria | 808,258,686   | 816,888,275   | 825,517,864   | 834,147,452   | 834,147,452   |
| Hungary  | 1,347,402,452 | 1,347,402,452 | 1,347,402,452 | 1,347,402,452 | 1,243,185,165 |
| Poland   | 3,488,417,133 | 3,519,600,956 | 3,550,784,779 | 3,581,968,602 | 3,185,968,140 |

EU budget for Direct payments (EUR/financial year)

Source: Author's calculations based on European Commission, 2023d

The receipt of direct payments is tied to compliance with conditionalities (Article 12): all farm holdings applying for direct payments need to comply with statutory management requirements (SMR)7 and nine GAEC standards. The GAEC standards establish requirements on environmental aspects targeting climate change adaptation or mitigation, water and soil quality, biodiversity and landscape.

The types of interventions proposed for sectoral interventions are strongly linked to the general objectives of the CAP 2023-2027. The budget for Sectoral support in the four studied countries is shown in Figure 4. The interventions range from investment support for tangible and intangible assets for research, product innovation and innovation in production methods, to promotion, communication and information actions, advisory services, technical assistance, training and coaching, and actions to mitigate or adapt to climate change. The specific actions may vary per type of sector supported. For example, support to the wine sector includes aid in promotion and communication, as well as for the restructuring of vineyards. In comparison, targeted support for the sectors of fruit and vegetables, hops and olive oil and table olives include actions to increase the sustainability and



efficiency of transport and storage of products, as well as the implementation of traceability and certification systems.

Source: European Commission, 2022b

Figure 4. EU budget for Sectoral support, in the period 2023–2027 (EUR/country)

The Sectoral support is given for wine (Annex VII), apiculture (Annex X) and Types of interventions in other sectors (Article 42 point (f)) from Direct Payments. There is also support for hops in Germany, and for olive oil and table olives (Article 88(4)), but only in Greece, France and Italy.

In Poland, there is only one sector supported, i.e. apiculture. This is why the allocation is always the same (5 million EUR/year) in the period 2023–2027 (Table 3).

| Country  | 2023      | 2024       | 2025       | 2026       | 2027       | 2028    |
|----------|-----------|------------|------------|------------|------------|---------|
| Romania  | 8,081,381 | 14,425,629 | 16,725,630 | 51,925,630 | 51,925,630 |         |
| Bulgaria | 2,063,885 | 22,547,798 | 27,197,956 | 27,968,953 | 27,968,953 | 184,068 |
| Hungary  | 3,582,027 | 32,241,227 | 32,241,227 | 32,241,227 | 32,241,227 |         |
| Poland   | 5,024,968 | 5,024,968  | 5,024,968  | 5,024,968  | 5,024,968  |         |

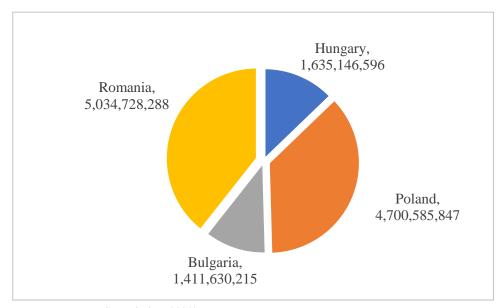
*Table 3* EU budget for Sectoral support (EUR/financial year)

Source: Author's calculations based on European Commission, 2023d

In Romania and Hungary, the support is provided to wine (Annex VII) and apiculture (Annex X). The Romanian trend is a double increase in the first three years (from 8 to 16 million EUR) and then a three-time increase for 2026 and 2027 (52 million EUR each year). Apart 2023, Hungarian trend is a constant in all years (32.2 million euros for each year in the period 2024–2027.

In Bulgaria, the sectoral support goes to all possible sectors: wine (Annex VII), apiculture (Annex X) and Types of interventions in other sectors (Article 42 point (f)) from Direct Payments. The specific for the yearly budget is that for three years (2025 - 2027) it reaches a peak of almost 28 million EUR.

The overall balance between Direct Payments and Rural Development funding is very similar to that in the previous programming period. Romania and Poland receive 4.7 - 5 billion EUR each, while Hungary and Bulgaria receive 1.4 - 1.6 billion EUR (Figure 5). All countries estimated a linear expenditure on this type of CAP policies. In Romania's case, in the Annex to the implementing decision approved in December 2022, it was foreseen to allocate 967,049,892 EUR for Rural development (Table 4).



Source: European Commission, 2022b

### Figure 5. EU budget for Rural development, in the period 2023–2027 (EUR/country)

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|---|---|---|----|---|
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EU budget for Rural development in the selected countries (EUR/financial year)

| Country  | 2023          | 2024          | 2025          | 2026          | 2027          |
|----------|---------------|---------------|---------------|---------------|---------------|
| Romania  | 967,049,892   | 1,016,919,599 | 1,016,919,599 | 1,016,919,599 | 1,016,919,599 |
| Bulgaria | 282,979,644   | 282,162,644   | 282,162,644   | 282,162,644   | 282,162,644   |
| Hungary  | 384,539,149   | 312,651,862   | 312,651,862   | 312,651,862   | 312,651,862   |
| Poland   | 1,004,581,539 | 924,001,077   | 924,001,077   | 924,001,077   | 924,001,077   |

Source: Author's calculations based on European Commission, 2023d

Taking into consideration the estimated calendar for the launch of funding sessions for application submission within Pillar II from the CAP Strategic Plan 2023-2027, published on AFIR site, on October 27, 2023, 10 interventions totalled 2,142,195,430 EUR, which is more than double than the initial estimation. RD-36 LEADER – Community-led local development is given half a million EUR, RD-25 Modernization of the irrigation infrastructure is given 400 million EUR, while other three measures receive 200–225 million EUR each: RD-30 Support for setting up of young farmers, RD-20 Investments in the livestock sector and RD-22 Investments in the conditioning, storage and processing of agricultural and fruit products.

EU funding reserved to Young farmers (generational renewal), Environmental and climate objectives under rural development, Eco-schemes under direct payments, LEADER and Complementary redistributive income support indicates that Romania has a total allocation twice bigger than Hungary and triple than Bulgaria. Poland receives only 50% more than Romania (Table 5).

| EU funding reserves in the selected countries in $2023-2027$ (EUR) |               |               |               |               |  |  |  |
|--|---------------|---------------|---------------|---------------|--|--|--|
| EU FUNDING RESERVED FOR  | Hungary       | Poland        | Bulgaria      | Romania       |  |  |  |
| Young farmers (generational renewal)                               | 186,892,301   | 500,424,381   | 127,593,295   | 309,621,824   |  |  |  |
| Environmental and climate objectives under rural development       | 1,162,595,979 | 2,041,855,240 | 547,115,007   | 2,080,266,316 |  |  |  |
| Eco-schemes under direct payments                                  | 995,000,000   | 4,331,755,159 | 1,026,589,665 | 2,447,372,825 |  |  |  |
| LEADER   | 81,757,330    | 389,680,000   | 113,865,060   | 424,750,000   |  |  |  |
| Complementary redistributive income support                        | 931,276,816   | 2,004,097,387 | 470,796,242   | 978,688,816   |  |  |  |

Table 5

EU funding reserves in the selected countries in 2023–2027 (EUR)

Source: European Commission, 2023d

The new financing period of CAP aims at increasing overall policy coherence. Member States were asked to commit significant resources to green and sustainable objectives. This was underlined by the introduction of eco-schemes, strengthened conditionality and significant funding for interventions benefitting climate, natural resources and biodiversity under Rural Development.

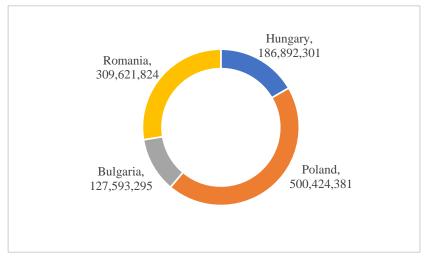
Compared to the previous programming period, the main changes include: i) an increase in redistributive income support (from 4.3% of direct payments in 2019 to 10.7% for 2023-2027), ii) the extension of coupled income support (from 10.8% in 2019 to 12.3% for 2023-2027) and iii) the introduction of eco-schemes (23.8% of direct payments for a total number of 158 eco-schemes).

Environment and climate interventions, risk management tools and LEADER have been strengthened, while investments and compensation for natural constraints remain key priorities. The European Green Deal's objectives are mentioned by all CSPs, they are non-binding and the contributions not consistently specific (e.g. Romania).

Transfers from the direct payments to the rural development envelope and *vice versa* are allowed. Support for non-agricultural rural development is increasingly supported through LEADER.

At the level of young farmers, there is an overall shift from rural development to direct payments.

On August 30, 2023, Poland's Annex to the implementing decision has been updated, and for the period 2023-2027 the budget for young farmers decreased by approx. 4 million EUR, from 500,424,381 EUR to 496,409,793 EUR (Figure 6).



Source: European Commission, 2022b

Figure 6. EU funding reserved for young farmers (generational renewal) in the financing period 2023–2027 (EUR/country)

Young farmers (generational renewal) have similar significance for the selected countries: each country allocated around 5-5.5 % out of the reserved funds. In absolute terms, Romania has a double amount of funds compared to Bulgaria (309 million EUR vs. 127 million EUR). Poland has the largest allocation (500 million EUR) (Figure 6).

All allocations per year are approximately linear, with a decrease in the last year of the financing period 2023-2027, in the case of Bulgaria, Hungary and Poland (Table 6).

Romania has a ten-time decreasing curve from 140 to 14 million EUR, in the period 2024-2028.

|          | EU budget for young farmers (generational renewal) (EUR/Infancial year) |             |             |            |            |            |  |  |
|----------|---|-------------|-------------|------------|------------|------------|--|--|
| Country  | 2023  | 2024        | 2025        | 2026       | 2027       | 2028       |  |  |
| Romania  |   | 140,104,871 | 67,684,945  | 55,848,290 | 31,983,718 | 14,000,000 |  |  |
| Bulgaria | 13,197,319  | 25,285,619  | 25,415,119  | 25,544,519 | 25,674,019 | 12,476,700 |  |  |
| Hungary  |   | 42,051,562  | 42,051,562  | 42,051,562 | 42,051,562 | 18,686,052 |  |  |
| Poland   | 63,022,620  | 102,342,330 | 103,831,759 | 99,248,105 | 95,567,957 | 32,397,022 |  |  |

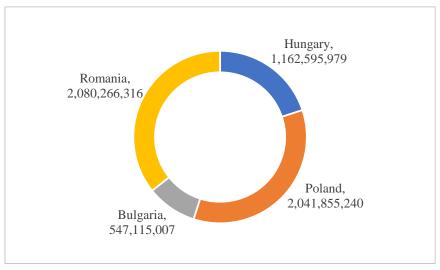
Table 6

| EU budget for y | oung farmers | (generational re | enewal) ( | EUR/financial | vear) |
|-----------------|--------------|------------------|-----------|---------------|-------|
|                 |              |                  |           |               |       |

Source: Author's calculations based on European Commission, 2023d

For the end of 2023, young farmers can submit financing requests for a total sum of 250,691,764 EUR, under RD-30 Support for setting up of young farmers.

The environmental approach is clearly different. In absolute terms, Romania has an annual financing amount four times bigger than Bulgaria and twice bigger than Hungary (Figure 7).



Source: European Commission, 2022b

Figure 7. EU funding reserved for Environmental and climate objectives under rural development in the financing period 2023–2027 (EUR/country)

Regarding the Environmental and climate objectives under rural development, Romania and Hungary have allocated 33-34% of funds (2 out of 6 billion EUR and 1.1 out 3.3 billion EUR). Poland and Bulgaria allocated 22 - 23% of funds (2 out of 9.2 billion EUR and 0.5 out 2.2 billion EUR) (Table 7).

#### Table 7

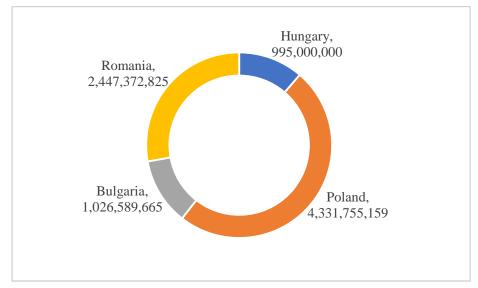
EU budget for Environmental and climate objectives under rural development (EUR/financial year)

| Country  | 2023        | 2024        | 2025        | 2026        | 2027        |
|----------|-------------|-------------|-------------|-------------|-------------|
| Romania  | 338,467,462 | 416,937,036 | 477,952,212 | 437,275,428 | 409,634,179 |
| Bulgaria | 109,223,001 | 109,223,001 | 109,223,001 | 109,223,001 | 109,223,001 |
| Hungary  | 232,519,196 | 232,519,196 | 232,519,196 | 232,519,196 | 232,519,196 |
| Poland   |             | 510,463,810 | 510,463,810 | 510,463,810 | 510,463,810 |

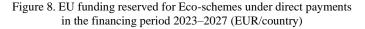
Source: Author's calculations based on European Commission, 2023c

The Eco-schemes under direct payments are around 1 billion EUR allocated for each country, Hungary and Bulgaria, but this amount represents 30% for Hungary and 45% for Bulgaria. Romania will pay 2.4 billion EUR (40%) to farmers, while Poland will pay a double amount of 4.3 billion EUR, which represents only 46% of total reserved funds for CAP in Poland (Figure 8, Table 8).

On August 30, 2023, Poland's Annex to the implementing decision has been updated and for the period 2023-2027, the budget for eco-schemes has been increased by approx. 2 million EUR, from 4,331,755,159 EUR to 4,333,685,077 EUR.



Source: European Commission, 2022b



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EU budget for Eco-schemes under direct payments (EUR/financial year)

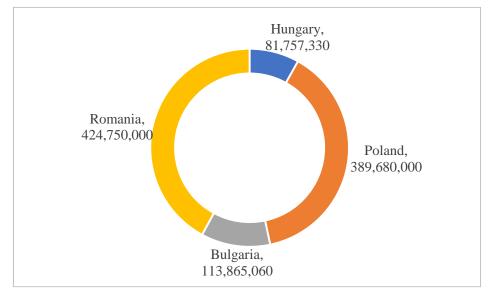
| Country  | 2024        | 2025        | 2026        | 2027        | 2028        |
|----------|-------------|-------------|-------------|-------------|-------------|
| Romania  | 474,433,869 | 481,160,042 | 488,060,706 | 494,952,361 | 508,765,846 |
| Bulgaria | 201,431,542 | 203,596,527 | 205,749,076 | 207,906,533 | 207,905,987 |
| Hungary  | 202,125,000 | 202,125,000 | 202,125,000 | 202,125,000 | 186,500,000 |
| Poland   | 872,479,689 | 880,292,187 | 888,115,297 | 895,916,793 | 796,881,111 |

Source: Author's calculations based on European Commission, 2023c

Participation in eco-schemes is voluntary for farmers but mandatory for Member States. They aim at incentivising climate and environmentally-friendly farming as well as promoting animal welfare improvements. The eco-schemes provide income support or compensate farmers for additional costs incurred and income foregone as a result of the environmental and climate or animal welfare commitments. LEADER allocation is only 2.44% in Hungary, 4.2% in Poland, almost 5% in Bulgaria, while the largest share is 6.8% in Romania.

In the previous financing period, Romania had a good experience in projects funded through LEADER, which was and still is a delegation of funds and responsibilities to local communities, actually Local Action Groups (LAGs). In real terms, Romania has allocated 425 million EUR, while Poland allocated 390 million EUR (Figure 9, Table 9).

LEADER strategies that support further job creation aim to cover territories that are home to 65% of the rural population.



Source: European Commission, 2022b

Figure 9. EU funding reserved for LEADER in the selected countries in the financing period 2023–2027 (EUR/country)

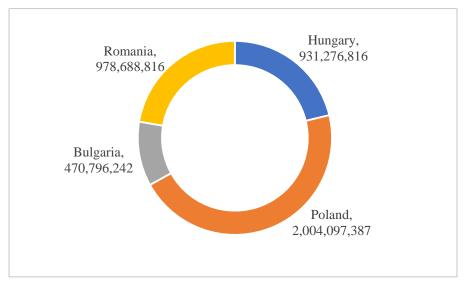
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EU budget for LEADER (EUR/financial year)

| Country  | 2023       | 2024       | 2025        | 2026        | 2027        |
|----------|------------|------------|-------------|-------------|-------------|
| Romania  | 48,352,495 | 50,845,980 | 108,517,175 | 108,517,175 | 108,517,175 |
| Bulgaria | 22,573,012 | 22,823,012 | 22,823,012  | 22,823,012  | 22,823,012  |
| Hungary  | 13,626,222 | 13,626,222 | 13,626,222  | 13,626,222  | 27,252,443  |
| Poland   |            | 97,420,000 | 97,420,000  | 97,420,000  | 97,420,000  |

Source: Author's calculations based on European Commission, 2023d

Complementary redistributive income support has a similar share in the selected countries with 20-27% out of the total amount per country, but still Hungary has a double share (27.7%), as compared to Romania (15.8%) (Figure 10, Table 10).



Source: European Commission, 2022b

Figure 10. EU funding reserved for Complementary Redistributive Income Support in the financing period 2023 – 2027 (EUR/country)

| Table 10 |
|----------|
|----------|

EU budget for Complementary Redistributive Income Support (EUR/financial year)

| Country  | 2024        | 2025        | 2026        | 2027        | 2028        |
|----------|-------------|-------------|-------------|-------------|-------------|
| Romania  | 189,710,219 | 192,746,482 | 195,220,474 | 197,994,344 | 203,017,298 |
| Bulgaria | 92,170,563  | 93,424,141  | 94,473,351  | 95,528,713  | 95,199,474  |
| Hungary  | 189,176,283 | 189,176,283 | 189,176,283 | 189,176,283 | 174,571,685 |
| Poland   | 349,134,110 | 407,094,645 | 410,701,521 | 414,308,398 | 368,505,055 |

Source: Author's calculations based on European Commission, 2023c

On August 30, 2023, Poland's Annex to the implementing decision has been updated and for the period 2023-2027, the budget for Complementary Redistributive Income Support decreased by 54.3 million EUR, from 2,004,097,387 EUR to 1,949,743,729 EUR.

### **5. CONCLUSIONS**

The objective of this study is to provide insights into the implementation characteristics of the CAP 2023-2027 across four Member States and to assess the relevance of the plans and their contributions to the CAP and Green Deal objectives.

The Common Agricultural Policy (CAP) 2023-2027 framework introduced changes aimed at increasing overall policy coherence between Pillar I and II of the CAP. The two pillars are now combined under single Common Agricultural Policy Strategic Plan(s) (CSPs) and Member States were asked to commit significant resources to green and sustainable objectives, primarily via eco-schemes. The selected countries are no exception.

EU resources for the 2023-2027 CSPs from the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD) amount to 260.9 billion EUR, a similar proportion as in the 2014-2022 period: 75.4% for EAGF and 24.6% for EARDF.

Economic support to farms via direct payments remains the dominant feature of the CSPs. Basic income support for sustainability represents the largest share of direct payment funding (51.5%). Compared to the previous programming period, the main changes include: i) an increase in redistributive income support (from 4.3% of direct payments in 2019 to 10.7% for 2023-2027), ii) extension of coupled income support (from 10.8% in 2019 to 12.3% for 2023-2027) and iii) introduction of eco-schemes (23.8 % of direct payments for a total number of 158 eco-schemes).

At the level of young farmers, there is an overall shift to support via direct payment. Support for non-agricultural rural development is increasingly supported through LEADER. In the period 2023-2027, a total number of 377,000 new young farmers are expected to set up their businesses with CAP support.

The new CAP introduced a number of reforms to the overall framework.

- A fairer and more social CAP: Better targeting of direct payments to active and smaller farmers, horizontal requirements on gender, improved support to young farmers, engaging a closer convergence of direct payments across the EU and defining a framework for the definition of active farmers.
- A greener CAP: Introduction of eco-schemes to foster climate and environmentally sustainable practices, conditionalities replacing crosscompliance and greening with strengthened Statutory Management Requirements (SMR) and Good Agricultural and Environmental Condition (GAEC) standards, minimum ringfencing of funding towards sustainability and commitment to the no-backsliding principle related to environmental and climate-related objectives.
- A performance-based and simpler CAP: Output-linked payments to Member States, a single audit system, a common performance framework for the former Pillar I and II, established links between result indicators, and specific objectives to streamline monitoring and evaluation.
- A more coherent CAP: Singular programme documents at national level combining the former Pillar I and II alongside budget allocations from both the EAFRD and the EAGF.

The four selected countries are involved in all these efforts of improving the CAP impact on the EU's citizens in general, rural population and young farmers in a specific way.

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