

KAROL KOCISZEWSKI*

RURAL DEVELOPMENT FUNDS AND ENVIRONMENTAL PROTECTION IN POLAND

The possibilities of obtaining a financial support for environmental protection in rural areas are presented. Their basis is co-financing the investments in agriculture and its environment together with the realization of comprehensive agri-environmental programs – the subsidies for farmers who implement environment-friendly methods of production. These instruments should stimulate multifunctional development of rural areas, restructuring and modernizing agriculture. The efficiency of their implementation and consequently the possibilities of absorbing huge EU financial transfers heavily depend on an effective functioning of Polish institutions and administration. The experience we have gained hitherto does not confirm that this condition is fulfilled.

1. INTRODUCTION

Financial support from structural funds is considered to be one of the most important benefits of Poland's accession to European Union. Approximately 2.4 bln euro – a part of 11.4 bln euro (the whole commitment within structural funds and cohesion fund for Poland in 2004–2006), is directly allocated to environmental protection. Except these sums, some ecological measures can be taken within the Sector Operation Program (SOP) "Restructuring and modernizing the food sector and rural areas development" (2 bln euro, including 1 bln euro from EU sources) [1]. Another ecological transfers can be used as the "accompanying measures" of Common Agricultural Policy (CAP). It refers to the second part of CAP – Rural Areas Development. The purpose of this paper was to present the possibilities of using financial sources for environment protection in rural areas and conditions of their allocation, which depends on the efficiency of Polish institutions and administration.

* Oskar Lange Academy of Economics in Wrocław, ul. Komandorska 118/120, 50-345 Wrocław, Poland.

2. ECOLOGICAL MEASURES IN POLAND WITHIN COMMON AGRICULTURE POLICY

Common agriculture policy and structural policy in agriculture are financed by European Agriculture Guidance and Guarantee Fund (EAGGF). This fund consists of two sections – the guarantee section financing “accompanying measures” and the guidance section which is one of the structural funds. They will be implemented separately in two programs: SOP “restructuring and modernizing the food sector and rural areas development” (the structural instruments of CAP) and rural areas development plan (RDP) (“accompanying measures”).

The SOP does not deal with the allocation for particular measures of environmental protection. However, the possibilities of financing such enterprises were included in priorities and measures of the program. This refers to the Measure 1 – investments in farms (722 mln euro, including 325 from EAGGF, 144 mln euro from Polish budget and 252 mln euro from private sources). These are investment projects connected with farm modernization which allows our farmers to fulfil EU requirements in the area of sanitation, animals welfare and environmental standards. In such a way, the use of nitrate fertilizers can be significantly reduced (high concentration of nitrates is a main ecological problem in this sector of economy both in Poland and EU members). According to recent assessments, the costs of the necessary solutions in Poland approach 3 bln euro. The allocation for Measure 1 could finance only a part of these measures, but it should be an important source of supporting investments required for adjusting Polish farms to Directive 91/676/EEC laid down in order to protect water against pollution by nitrates from agriculture activity. The regulation applied minimum standards of environment protection on farms (as the result of the investments) is important. Presently, in EU countries, the farmers applying for support have to comply with these standards if they want to participate in the programs. Consequently, the regulation for Polish farmers could improve accumulation of structural funds [2]. The Measure 2, the facilitation of young farmers entering into the market (162 mln euro, including 130 mln euro from EAGGF), will be aimed at the same activities as the Measure 1 in environmental protection. The Measure 6, water management in rural areas, 125 mln euro, including 100 mln from EAGGF, deals with projects connected with land reclamation, constructing and modernizing the regulation and flood-control equipments and the others which are to improve water ratio. The Measure 3 of Priority 2, the development and improvement of infrastructure connected with agriculture, 44 mln euro, including 20 mln from EAGGF, 2.2 mln euro from Polish budget and 22.2 mln from private sources, is aimed at plans of constructing or modernizing individual water supply and treatment systems, local or individual sewerage systems and energy supply equipment (including renewable energy) [4]. Promotion of ecological activities is planned in other Measures of lower allocation (professional training, agricultural advisory support).

The amount of money which is going to be actually spent on environment protection and its efficient use depend on the will and effectiveness of potential beneficiaries and their financial resources. Furthermore, the role of institutions that implement the programs, i.e. the Ministry of Agriculture and Rural Development (MARD) and Agriculture Restructuring and Modernizing Agency (ARMA), is significant.

The measures discussed will be tightened up by designing and implementing Rural Areas Development Plan (RADP) in years 2004–2006. It should support structural changes in agriculture and allow multifunctional and sustainable development of rural areas by designing European Agriculture Model. Its implementation will be possible due to the measures that accompany the CAP, i.e. such ecological activities as agri-environmental programs, afforestation programs, organic farming, subsidies for farmers in NATURE 2000 network and in less favourite areas (LFA) and programs not connected with environment protection: technical support and earlier retirement pensions granted to farmers. Comprehensive agri-environmental programs aim at providing financial help to the farmers, who in their farms comply with required standards of environmental protection and landscape conservation. The programs can be realized in the areas of a special natural value, within NATURE 2000 network. In order to use all accompanying measures, the funds of 2.5 bln euro, including 1978 mln euro from EAGGF, are assigned.

3. THE BARRIERS OF IMPLEMENTING THE MEASURES OF ENVIRONMENTAL PROTECTION IN POLISH AGRICULTURE

The means of farms modernization and diversification together with accompanying measures will be important in social system. They will contribute to improvement of environmental quality, living conditions, creating non-agricultural workplaces and stimulating multifunctional development of rural areas. The above factors are not perceived by Polish authorities in a proper range. This can be easily seen in final results of pre-accession negotiations – the possibility of reallocating some financial means from the second part of CAP funds for direct payments and replenishing them with money from national budget was agreed. Such a solution will enable a better use of funds, hence it improves a financial position of farmers in a short period. However, it puts off a perspective of Polish countryside restructuring intensification, including implementation of ecological measures in a wider range. This also means that the instruments for improving the situation in the long term will not be fully effective [3]. The potential allocation of these measures has been reduced by approximately 0.5 bln euro in 2004–2006. The solution, with regard to the EU budget, will be also in force in 2007–2013. Furthermore, a short-term economic interest turned out to be more vital than ecological objectives [2]. One of the reasons explaining this way of using EU funds was unskillfulness of Polish administration (especially ARMA) which is not

able to use effectively “more difficult” support within rural development programs. This is one-sided viewpoint, because we create the situation, in which very expensive government agency does not try to be ready for an efficient functioning after the EU accession. The evidences for such a viewpoint are difficulties in SAPARD implementation and the mistakes in constructing IACS (Integrated Agriculture Control System), which is necessary for using the UE support. A delay in such an ARMA preparation that allows it to be the agency of CAP payments implementation does not improve the situation of our country as a receiver of European Union funds. Hence, the staff of the UE express the opinion that the funds for Poland will not be used appropriately. In the light of predicted CAP reform, the allocation for Rural Development Programs will be greater, but the ability of Polish institutions and administration to use the CAP support will not improve. This proves that the Polish government does not treat the instruments discussed in the same manner as governments of other members of European Union.

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ROLNE FUNDUSZE STRUKTURALNE A OCHRONA ŚRODOWISKA W POLSCE

Przedstawiono możliwość uzyskania finansowego wsparcia ochrony środowiska na obszarach wiejskich ze „strukturalnej” części Wspólnej Polityki Rolnej. Działania polegają na dofinansowaniu inwestycji w rolnictwie i jego otoczeniu oraz na realizacji szeroko rozumianych programów rolno-środowiskowych, które zakładają przyznawanie subsydiów rolnikom stosującym przyjazne dla środowiska metody produkcji. Powinny się one przyczynić do stymulowania wielofunkcyjnego rozwoju obszarów wiejskich oraz do modernizacji i restrukturyzacji rolnictwa. Skuteczność ich wdrażania, a co za tym idzie możliwość absorpcji znaczących transferów finansowych z UE są uwarunkowane efektywnym funkcjonowaniem polskich instytucji i organów administracji. Dotychczasowe doświadczenia nie świadczą o spełnieniu tego warunku.