

**A COMPARATIVE ANALYSIS OF TARGETING MEASURES  
AND THE ABSORPTION OF FUNDS UNDER THE RURAL  
DEVELOPMENT PLAN 2004–2006 AND THE RURAL  
DEVELOPMENT PROGRAMME 2007–2013**

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**INTRODUCTION**

Along with its accession to the European Union on 1 May 2004, Poland was obliged to synchronise activities it undertook in various areas of socio-economic life with the general framework of policies pursued by the Community. Rural Development Plan 2004–2006 (which I will refer to in this paper as the Plan) and the Rural Development Programme 2007–2013 (which I will refer to as the Programme) were among the first of this type of strategic documents in Poland to indicate the directions and objectives for the rural development policy in these periods. They corresponded to the goals of the Common Agricultural Policy (CAP) and represented the instruments for its implementation. However, Community intervention in some areas of the economy and the development of Poland, including in agriculture and rural development, had already begun before Poland's inclusion in the group of Member States.

The Special Accession Programme for Agriculture and Rural Development (SAPARD), a pre-accession programme, applied to areas related to agriculture and rural development. The SAPARD Operational Programme prepared by the Ministry of Agriculture and Rural Development was the first operational document. It sought to strengthen and accelerate development processes in rural areas, using a legal framework established at the EU level and funds from the EU budget. It was intended to be binding for the years 2000–2006, but officially it launched only in July 2002 [Grosse 2005]. The total budget of the programme was 1,084 million EUR, which included funds from the EU budget – 708.2 million EUR, 235.8 million EUR from the national budget, and 140 million EUR transferred from the budget of the Rural Development Plan 2004–2006. Experience gained in implementing SAPARD was used as a guideline for programming and preparing subsequent strategic documents. The programme was well-received, with

measurable results observed at the local and regional level, development of the agri-food sector, and support given to undertakings in adapting EU requirements. The need to support small farms and young farmers was highlighted along with strong regional differences [Grosse 2005].

The Rural Development Plan (RDP) contains the principles for achieving its socio-economic objectives, and promotes sustainable rural development throughout Poland. It was binding between the years 2004–2006, namely from 1 May 2004, the day of Poland's accession to the European Union, until December 2006. In reality, however, pursuant to the EU's n+2 rule, the Plan came out of force only in 2008. The RDP 2004–2006 (2008) is an equivalent of plans or programmes implemented in other EU countries during the period 2000–2006 (2008). This is why the financial framework for Poland, and the other nine countries that joined the EU on 1 May 2004, was automatically shortened to the period remaining until the end of 2006.

RDP 2004–2006 was prepared in accordance with and based on legislation passed by the legislative bodies of the European Union. The legal basis for the creation of the Plan was EU Council Regulation 1257/99 on support for rural development from the European Guarantee and Guarantee Fund for Agriculture (EAGGF) and Commission Regulation (EC) 445/2002 laying down detailed rules for the application of Regulation 1257/1999. The European Commission enabled implementation of the RDP for the years 2004–2006 by issuing on 6 September 2004 a decision approving the document. The Polish legal basis that enabled the Plan's activities to be launched included the Act on support for rural development funds from the EAGGF and 19 implementing regulations.

The Rural Development Programme for the years 2007–2013 was the second document of its kind in Poland. It had a significant influence on rural and agricultural policy, the directions that policy was to take and interventions and the objectives posed and nature of future operations. The programme was a reflection of the second pillar of the CAP implemented during this period by the European Union and it was adjusted in terms of instruments proposed by the CAP for the conditions and needs prevailing in Poland. Five legal acts at the EU level particularly influenced the shape of the RDP 2007–2013 and the manner of its implementation. Council Regulation (EC) 1698/2005 of 20 September 2005 had a direct impact on support for rural development by the European Agricultural Fund for Rural Development (EAFRD). Officially, the Polish RDP 2007–2013 was approved by the European Commission on 24 July 2007, which meant that only from that day could the country act to implement the proposed instruments and begin legislative procedure of the implementing regulations regarding the particular instruments.

A significant difference in the number of instruments included in the RDP 2007–2013 (23) and RDP 2004–2006 (9) resulted from a change to how the EU's rural development policy was carried out: Before 2007, it had been based on the Plan and the Operational Programme 2004–2006, and from that year the two documents were combined in order to unify and merge them into one. Also, the source of funding during the financial perspective 2007–2013 changed to the European Agricultural Fund for Rural Development.

If resources are to be used effectively, they must be directed to areas with the characteristics that particularly justify them to obtain specific support. The means by which this is done is determining the optimum definition of the areas, which was included in

the design of the rural development plan and programme (RDP) [Rakowska 2013]. EU Member States are obliged by Regulation (EC) 1698/200 to define the geographical area and rural area covered by each with RDP 2007–2013 in the Member States [Rakowska 2015]. The Polish RDP 2007–2013 included a definition of rural areas that had already been used for some RDP 2004–2006 measures. The Ministry of Agriculture and Rural Development indicated that “rural areas covered by RDP are rural places located within administrative boundaries: (1) rural municipalities; (2) urban – rural municipalities, with the exception of towns with population exceeding 20,000 residents; (3) urban municipalities, except for towns with a population exceeding 5,000 residents”. Individual territorial restrictions were additionally introduced for selected instruments.

From 1 May 2004 to 31 December 2014 the beneficiaries of the RDP Plan and subsequent RDP Programme received nearly 72 billion PLN. They constituted a great opportunity to develop the Polish countryside, agriculture and the improvement of the citizen's living conditions. The gross value added of agricultural production was more than two times higher in 2013 than in 2005 and the value of investments in fixed assets in agriculture was two times higher for the same two years. There was also an 11% increase in the number of people employed in agriculture. Findings from the analysis of the employment status show that the number of self-employed people was growing while the number of members of the cooperatives was declining.

The RDP 2004–2006 and RDP 2007–2013 were strategies used in executing a policy of intervention that had an impact on the agri-food sector, as well as on other aspects of life in rural areas. Interventionism should respond to market imperfections expressed through imperfect competition, the presence of public goods, the incompleteness of markets and unequal access to information. That Polish entities in the agri-food sector were much less competitive than their better-equipped and wealthier EU counterparts was one of the most important arguments for a pronounced intervention in agricultural policy in Poland. Engaging public resources in private activity is justified for purposes that can be achieved only with their help. Therefore, for example, support for multi-functional rural development should help widen prosperity while simultaneously preventing areas of poverty in rural areas from growing.

The dynamically changing image of the Polish countryside, increased competitiveness of domestic companies from the agri-food sector on domestic and foreign markets and clear modernisation and restructuring of agriculture summarised with the significant value of public funding, including funds from the budget of the European Union, are now an important object of studies and analyses. The funds from the budget of the RDP 2004–2006 and RDP 2007–2013 undoubtedly contributed to the strengthening and acceleration of development processes in rural areas. The issue of targeting and absorption of these funds is important because Common Agricultural Policy and the issue of agriculture are among the most important problems and areas for EU intervention.

The study examines the measures under the Rural Development Plan 2004–2006 (the Plan) and the Rural Development Programme 2007–2013 (the Programme), and the differences between the two. The article also presents how the funds from the budgets of the Plan and the Programme were absorbed by region. In addition, it looks at the diversity of the measures taken by each voivodship.

## RESEARCH METHOD

The study was prepared on the basis of quantitative analysis (statistical) of data from the Ministry of Agriculture and Rural Development and data published by the Central Statistical Office. The subject of the study is the funds from the budget of the Plan and Programme allocated for the implementation of the instruments established in these two strategic documents. The analysis has been applied to the data on the amount of the funds allocated for the implementation of such actions, and already paid to beneficiaries in the period from 1 May 2004 to 31 December 2014. The research covered the entirety of Poland and was based on the territorial division of NTS-2 – voivodships.

In the first stage of the study, the structure of expenditure on instruments in both periods was analysed. In the next step, Pearson's correlation coefficient (R) was used to determine the level of linear relationship between the two variables. It was also used to analyse the spatial absorption of funds paid out under the RDP 2004–2006 and RDP 2007–2013.

## A COMPARATIVE ANALYSIS OF ACTIVITIES IMPLEMENTED UNDER RDP 2004–2006 AND RDP 2007–2013

Targeting of activities measured not only by the material scope and character, but above all, the amount of funds allocated for the implementation of individual instruments differ not only between the Plan and the Rural Development Programme. The need for flexible adjustment – using the means available and possible changes – of the amount of support occurred at the level of any of those documents. Therefore, the resources were reallocated between individual budgets designated for individual instruments.

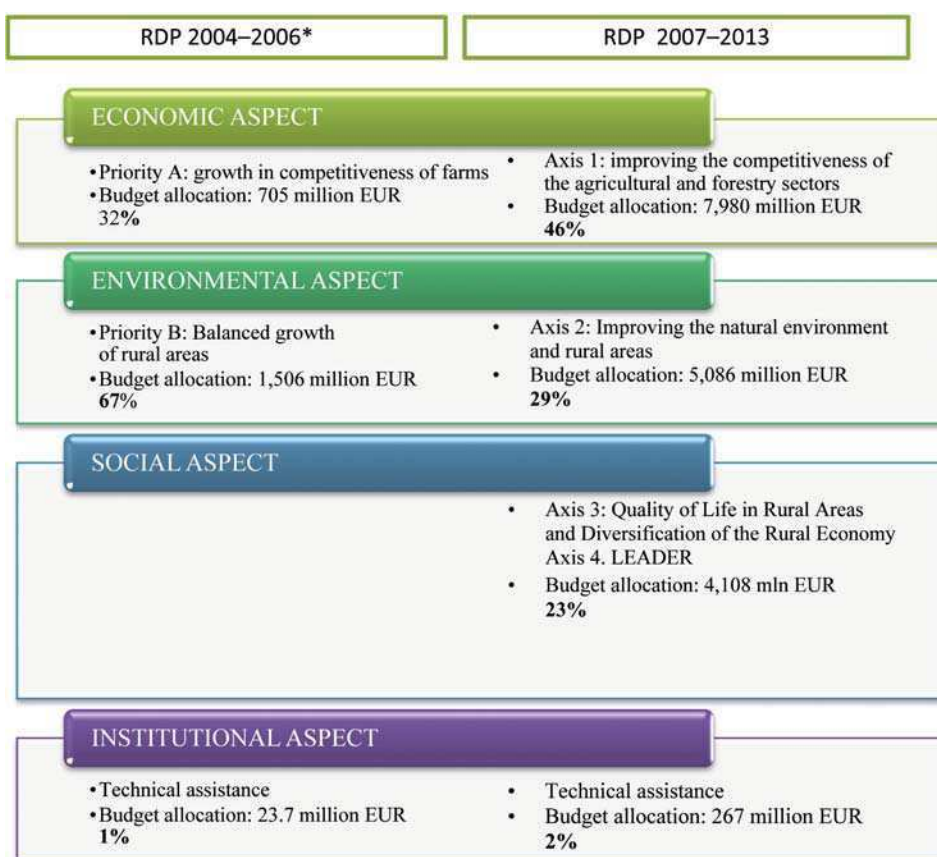
Targeting measures in itself refers to the choosing and designing of measures so that they achieve their specific aims. In conducting a comparative analysis of targeted measures realised within the framework of the two programme documents: the Rural Development Plan 2004–2006 and the Rural Development Programme 2007–2013, one cannot ignore their essence reflected by integration with rural development policy pursued by the European Community and national documents, including The National Rural Development Plan 2007–2013, to name one.

Three main areas on which the measures were focused in the implementation of rural policy can be distinguished. Therefore, analysis of the targeted instruments should begin from their categorization, taking into account development in the economic, environmental and social spheres. The institutional factor regulating the entire process of implementing and creating infrastructure required for this must also be considered. Determining the relationship and interaction between the first three systems were necessary to build a model programme that would ensure the sustainable development of rural areas [Káposzta 2012].

To determine the amount of funds allocated to the individual instruments and their selection in the formulation of the 2004–2006 Plan, only the country that created the document had formal power, provided it did not exceed the established budget. In fact, the Commission could only submit their comments and proposals for changes that would

affect its final form. The situation was entirely different during the creation of the Rural Development Programme 2007–2013, for which, pursuant to the recommendations of the Council, 45% of the EAFRD funds were used. In planning its budget for the separate Axes, Poland, like other Member States, had to take into account the minimum thresholds for EU funds. Specifically, a minimum of 10% of EAFRD funds had to be allocated to Axes 1 and 3, 25% for Axis 2, and 5% for Axis 4.

Figure 1 shows the amount the Plan focused on the environmental sphere. More than half of the budget was allocated to environmental protection, preserving natural assets, increasing forestation and adapting farms to the new requirements set out by the EU. The Programme, on the other hand, focused more on economic factors. Almost half of the budget was earmarked for implementing the goals of sustainable development in the



\* The RDP budget 2004–2006 for which the percent shares were calculated was reduced by measures 8 and 9, which did not directly serve the implementation of rural development policy.

FIG. 1. Targeted measures realised in the framework of RDP 2004–2006 and RDP 2007–2013 in the context of the analysis of aspects of balanced development

Source: the author, on the basis of Ministry of Agriculture and Rural Development data.

economic sphere. Increasing the competitiveness of agricultural production, changing the agrarian structure and building a knowledge-based economy were important policy objectives in the years 2007–2013. That is not to say, however, that the Programme neglected the environmental aspect: environmental instruments reached upwards of 29% of the funds provided for the programme, and was threefold higher than under the 2004–2006 programming framework.

The essential difference between the Plan and Programme is the obvious lack in the first document of instruments directly impacting the social system. The reform of the CAP made it possible to widen the influence of the RDP with measures influencing rural areas by improving quality of life for inhabitants, building out the social infrastructure and supporting non-agricultural activities. The last of those factors clearly pertained to the economic sphere, though placing the measures for realising this goal can be explained by the fact that the division into axes was intended to clearly illustrate which areas directly affect a given group of instruments and that the economic aspect related mainly to and focused on entrepreneurship in the agriculture and forestry sector.

An element of the RDP 2007–2013 that was missing from the previous perspective was LEADER, which replaced the LEADER+ programme carried out under the Sectoral Operational Programme – Restructuring and modernization of the food sector and rural development 2004–2006. The budget included only 5% of the funds allocated to finance the RDP. But in terms of substance, which is based on a new approach to the creation and management of projects by local communities, which were able to comprehensively assess the needs that exist in a given area, the development of the social aspect was supported significantly. Though it contained instruments of a different nature than the other axes, the addition of LEADER created a complementary whole and allowed for sustainable rural development in every respect.

Detailed analysis of how the measures were directed is based on a comparison of the budgets realised under the Plan and the Programme. The instruments which could be selected for implementation in the first financial framework accounted for 65% of the pool of measures proposed by the Community authorities for the years 2007 to 2013. It was decided that more than one instrument implemented by the Member States for the period from 2000 (2003) to 2006 would be incorporated.

The Plan and the Programme had seven instruments in common. Public outlays on these common instruments from 2004 to the end of 2015 are to exceed 10 billion EUR. One of the seven, “semi-subsistence farms”, was included in the budget plan of the Programme exclusively as a result of the need to repay the liabilities incurred to beneficiaries in the previous programming period. Its budget made up 35% of the funds allocated for its implementation in the period 2004–2015.

Funds allocated for the needs of the group of measures contained in both documents accounted for 60.25% of the RDP 2004–2006 budget. For RDP 2007–2013, which had a much larger number of measures to be implemented, the rate was 45.74%. The binding commitments estimated from RDP 2004–2006 implemented from the budget of the RDP 2007–2013 and decreasing it accounted for approximately 138% of the budget allocated for their implementation during the implementation period, and 37% of the total spending limits for these instruments in the second financial framework. As much as 83% of the amount allocated to “structural pensions” from the budget for this measure in

TABLE 1. Funds allocated for measures in the framework of RDP 2004–2006 and RDP 2007–2013 (million EUR)

Instrument	Allocation in RDP 2004–2006	Allocation in RDP 2007–2013	Estimated obligation from RDP 2006 financed from RDP 2013 budget
Structural pension	534.74	2 389.60	1 993.14
Support for semi-subsistence farms	340.56	182.50	182.50
Groups of agricultural producers	6.37	182.50	14.64
Support for farms on less favoured areas	944.70	2 418.75	–
Support for the agri-environment and improving animal welfare	208.33	2 302.60	694.94
Greening of agricultural areas	99.99	234.50	99.64
Technical assistance	29.82	266.00	–
Total	2 164.52	7 976.46	2 984.88

Source: the author, on the basis of WWW 1; Rural Development Programme 2007–2013, Ministry of Agriculture and Rural Development, Warsaw, March 2015 and Ministry of Agriculture and Rural Development data: Aggregate monthly report on the implementation of the RDP 2007–2013, as of 31 December 2014.

the RDP 2007–2013 actually went towards covering obligations originating in the RDP 2004–2006.

Table 1 presents the budget for each of the instruments in both framework periods. The most funds were allocated to “support agricultural activity in areas with unfavourable cultivation conditions” and “structural pensions”.

Under the 2004–2006 Plan, “semi-subsistence farms” and “support for agri-environment and animal welfare” followed the top two instruments. In the case of the RDP 2007, 2013 “promoting animal welfare” and “technical assistance” were the third and fourth most funded instruments.

### **A COMPARATIVE ANALYSIS OF THE ABSORPTION OF FUNDS ALLOCATED FOR RDP 2004–2006 AND RDP 2007–2013**

The comparative analysis of the absorption of funds allocated for the Plan and the Programme is intended to provide a picture of how they differ in spatial terms, and to define the correlation between the amounts of funds described. Due to a lack of available data on the division by voivodship – specifically, “professional training for individuals employed in farming and forestry”, and ‘information and promotional measures’ – these categories were not included in the calculations. However, nor would they have had a significant impact on the results of the research if they had been: they constituted, after all, a mere 0.1% of the RDP 2007–2013 payments and 0.25% of the Axis 1 payments. It is also crucial that all of the data on payments made from the 2007–2013 Programme concern the period only up to 31 December 2014, which was not the final amount beneficiaries were to receive through 31 December 2015.

Analysis of the Plan and Programme should begin by looking at the value of funding paid out in Poland’s voivodships to beneficiaries in the framework of all of the measures combined. A comparison of Figures 2 and 3 shows that the situation was practically

identical. The difference was mainly the amount of funds paid out in the two RDPs, which was fourfold higher in the Programme. During both periods, the most money went to Mazowieckie – 2.2 million PLN from the first framework and 8.9 from the second. Meanwhile, Wielkopolskie brought in 1.7 million and 7.1 million; Łódzkie 1.1 and 4.3 million; Kujawsko-Pomorskie 1.1 million and 4.1 million; Podlaskie 1.3 million and 4.7 million; Lubelskie 1.1 and 5.8 million. The least amount of money went to Lubuskie, at 0.3 and 1.8 million; Opolskie 0.3 million and 1.5 million; and Śląskie at a bit less than 0.3 and 1.8 million.

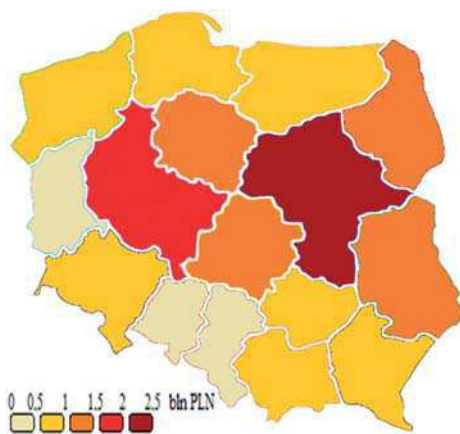


FIG. 2. Amount paid under the 2004–2006 RDP by voivodship as of 31 December 2014

Source: the author's own elaboration on the basis of Ministry of Agriculture and Rural Development data.

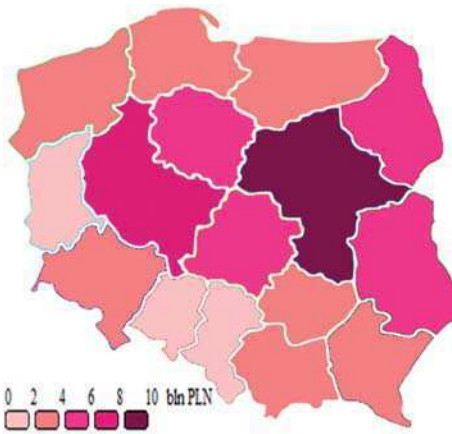


FIG. 3. Amount paid under the 2007–2013 RDP by voivodship as of 31 December 2014

Source: the author's own elaboration on the basis of Ministry of Agriculture and Rural Development data: Aggregate monthly report on the implementation of RDP 2007–2013, as of 31 December 2014.

It is worth noting that Pearson's correlation coefficient ( $R$ ) between the amount of payments realized in various provinces during the implementation and binding period of the Plan and the Programme was 0.98. Thus there was a very strong linear dependence between the amount of funds paid from the Programme budget in the voivodship funds and the amount of funds paid in this province from the Plan budget. This strong correlation may suggest that part of the Programme budget was earmarked for repayment of expenditures relating to the commitments under the Plan. The amount of these obligations relative to the payments paid out to the voivodships ranged from 16% in Lubuskie to 32% in Świętokrzyskie.

The correlation coefficient calculated for the amount of payments made from the Plan budget as well as payments made from the Programme budget minus liabilities incurred during the Plan's implementation period was nearly identical to the previous case, or even slightly higher. However, after rounding to the nearest hundredth, it also came to 0.98. This clearly confirms the very strong correlation of the amount of funds allocated for operating the Plan and the Programme in individual provinces.



A considerable disparity can be observed in the size of the provinces, so the next stage of the analysis will compare the amount of funds with the surface area of the rural areas in the separate administrative units. The rural area in Mazowieckie is almost four times greater than that of Silesia, which justifies the use of this index. The results of the comparison are presented in Table 2.

TABLE 2. Funds paid per square kilometre of rural area by voivodship under RDP 2004–2006 and RDP 2007–2013, as of 31 December 2014

RDP 2004–2006			RDP 2007–2013		
No	voivodship	PLN per km <sup>2</sup> of rural area	No	voivodship	PLN per km <sup>2</sup> of rural area
1	Mazowieckie	66 797	1	Mazowieckie	266 621
2	Kujawsko-Pomorskie	66 425	2	Łódzkie	251 023
3	Podlaskie	64 278	3	Wielkopolskie	249 406
4	Łódzkie	63 301	4	Świętokrzyskie	248 502
5	Wielkopolskie	62 210	5	Podlaskie	244 958
6	Świętokrzyskie	50 932	6	Lubelskie	241 382
7	Lubelskie	47 158	7	Kujawsko-Pomorskie	236 917
8	Pomorskie	38 203	8	Małopolskie	215 089
9	Małopolskie	37 733	9	Śląskie	212 150
10	Warmińsko-Mazurskie	37 438	10	Podkarpackie	173 855
11	Dolnośląskie	31 338	11	Dolnośląskie	173 077
12	Opolskie	31 250	12	Opolskie	169 545
13	Podkarpackie	30 240	13	Pomorskie	168 132
14	Śląskie	29 224	14	Warmińsko-Mazurskie	152 907
15	Zachodniopomorskie	26 864	15	Zachodniopomorskie	141 658
16	Lubuskie	23 580	16	Lubuskie	138 357

Source: the author, on the basis of Ministry of Agriculture and Rural Development data: Summary report on the implementation of the RDP 2004–2006, state according to calculations as of 25 March 2009 and a summary report on the implementation of the RDP 2007–2013, as of 31 December 2014; Central Statistical Office, Local Data Bank, National Geodetic area (GUGiK data) 2007, electronic document retrieved from [http://stat.gov.pl/bdl/app/dane\\_podgrup.display?p\\_id=534937&p\\_token=0.9872572682015641](http://stat.gov.pl/bdl/app/dane_podgrup.display?p_id=534937&p_token=0.9872572682015641) [accessed: 28.02.2015].

The first difference is that the disparities between the most and the least financed voivodships fell. Under the RDP 2004–2006, Mazowieckie received sixfold more money than Opole. After calculating for funds received per square kilometre of rural area, the ratio between the largest value (Mazowieckie) and the smallest (Lubuskie) was approximately two. The situation changed little under RDP 2007–2013, which paid Mazowieckie nine times more than Silesia, and, after converting for payments received per square kilometre, Mazowieckie benefited from a threefold higher index than Lubuskie.

The correlation coefficient (R), which for the data defining the amount of payments received per area of village in each province in both frameworks, also fell – to 0.87. The coefficient value continues to express a strong correlation, though it is weaker than for the amount of the payment for each province in general.

## ABSORPTION OF FUNDS IN THE CONTEXT OF THE TARGETED MEASURES

The measures were divided, according to their orientation, into four groups: economic, environmental, social and institutional. This part of the analysis compares the spatial absorption of funds allocated to the 2004–2006 Plan and the 2007–2013 Programme in the context of targeting these four aspects. Table 3 shows the percentage individual provinces spent on the four groups. A group of provinces including Mazowieckie, Lubelskie, Łódzkie and Wielkopolskie absorbed a high share of funds from the budgets of the instruments of the four aspects. Provinces whose share of the financial resources paid to beneficiaries of the budgets of individual sets of instruments was the lowest included Opolskie, Śląskie and Lubuskie.

TABLE 3. The share of funding paid in the voivodships from the budget instruments for the economic, environmental and social aspects under RDP 2004–2006 (2008) and RDP 2007–2013 (2014)

Voivodship	Economic aspect			Environmental aspect			Social aspect	
	RDP 2004–2006	RDP 2007–2013		RDP 2004–2006	RDP 2007–2013		RDP 2007–2013	
	Priority A (M PLN)	Axis 1 (M PLN)	Share of liabilities* (%)	Priority B (M PLN)	Axis 2 (M PLN)	Share of liabilities* (M PLN)	Axis 3 (M PLN)	Axis 4. Leader (M PLN)
Dolnośląskie	4	5	39	3	5	22	6	7
Kujawsko-Pomorskie	6	8	36	10	6	12	5	5
Lubelskie	13	11	39	6	8	19	9	8
Lubuskie	1	2	22	3	5	21	3	3
Łódzkie	11	9	48	7	5	10	6	6
Małopolskie	6	4	45	3	3	10	7	9
Mazowieckie	17	17	38	17	14	9	11	11
Opolskie	2	3	37	1	2	24	3	3
Podkarpackie	5	4	49	3	4	17	7	8
Podlaskie	7	7	39	10	10	7	5	4
Pomorskie	3	4	30	6	6	18	5	5
Śląskie	2	3	33	1	2	18	5	5
Świętokrzyskie	8	5	52	2	3	16	5	6
Warmińsko-Mazurskie	3	4	31	8	9	14	6	5
Wielkopolskie	8	12	29	15	11	16	13	11
Zachodniopomorskie	2	3	30	5	8	26	4	4
Total	3 424	27 471	38	7 345	19 912	15	11 102	2 299

\* The share of obligations pertains to amounts paid out from Axis 1/Axis 2 budgets under RDP 2007–2013 financial obligations resulting from the implementation of instruments from group Priority A/Priority B RDP 2004–2006.

Source: the author, on the basis of Ministry of Agriculture and Rural Development data.

The difference in funds allocated to economic measures between the two programme periods was nearly elevenfold, and beneficiaries located in Mazowieckie received nearly 17 times more funds than recipients from Lublin voivodship.

A significant part of the expenditure from the budget of Axis 1 RDP 2007–2013 was incurred as a result of the need to regulate liabilities incurred in the implementation of the previous RDP. The average for all of Poland's voivodships was 38%, while for the individual provinces the value ranged from 29% for Wielkopolskie to 48% in Lubuskie, 49% in Podkarpackie and 52% in Świętokrzyskie.

The correlation between the amount of funds paid for economic measures during the two periods was analysed. In the case of the analysis depending on the amount of funds spent on priority and RDP 2004–2006 and the Axis 1 of the RDP 2007–2013 the correlation coefficient is 0.92, so there was a strong relationship between these values, though it was weaker than the expenses of the Plan and the Programme in general. Given these numbers, it was necessary to examine the correlation between the amount of funds paid from the budget of the RDP 2007–2013 after deducting the liabilities from the 2004–2006 programming period. The correlation coefficient  $R$  in this case is 0.85. The weaker correlation between spending on priority and RDP 2004–2006 and Axis 1 of the RDP 2007–2013 reduced by the obligations of the RDP 2004–2006 was the result of, among others factors, this correction. The obligations alone in 98% of cases of voivodship outlays were closely connected with total expenditures from the Priority A budget (there is a very strong linear relationship).

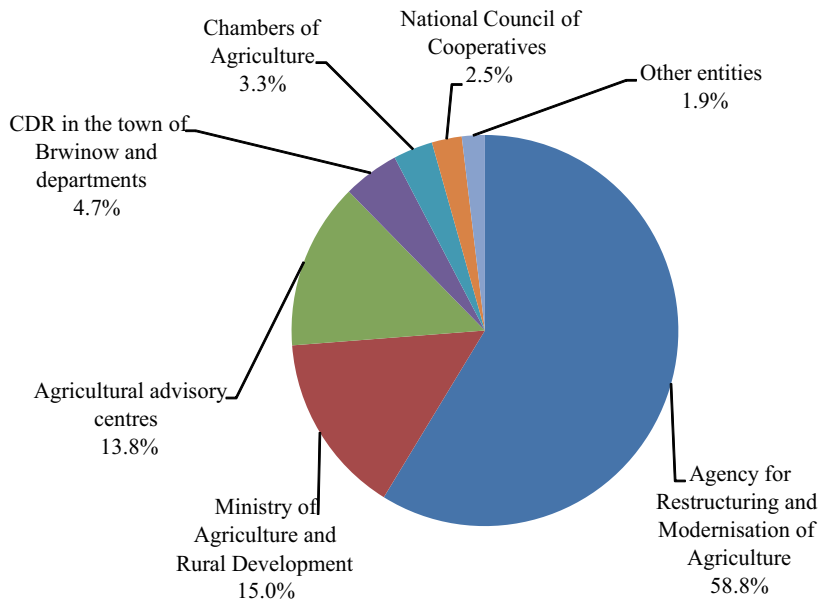
The second group in the classification of targeted measures consisted of instruments allocated to environmental issues. This part of the analysis compares the absorption of financial resources spent on the implementation of priority B in the RDP 2004–2006, and Axis 2 of the RDP 2007–2013.

The correlation coefficient ( $R$ ), expressing the degree of correlation between the amount of funds paid for environmental measures under the RDP 2004–2006 and RDP 2007–2013 was 0.91 – a strong relationship, though it was weaker than spending on all of the instruments combined. After adjusting for the reduced regional expenditure on Axis 2 liabilities from measures implemented within the framework of RDP 2004–2006 priority B, the correlation coefficient increased to 0.94.

A noteworthy phenomenon is the poor correlation (it barely hit 0.44) between the amount of commitments undertaken in the framework of the Plan and repaid from the subsequent Programme budget as well as the amounts paid in the provinces of the budget of the first programme document. In Zachodniopomorskie, at 344 million PLN, these liabilities were almost 100 million PLN higher than the amount paid to the RDP 2004 to 2006 budget.

Budget spending on individual instruments impacting the environment covered by the Plan's budget varied across the voivodships. Measures whose obligations transferred over to the next period included the "agri-environmental programmes" and "afforestation of agricultural land" and varied by region. The total share of expenditure on priority B ranged from 9% in Kujawsko-Pomorskie to 40% in Zachodniopomorskie, while the average for the country was 15%. The wide range leads to a low correlation of expenditure on activities of an environmental nature of the budget of the RDP 2004–2006 and the amount of liabilities covered by the RDP 2007–2013 budget.

a



b

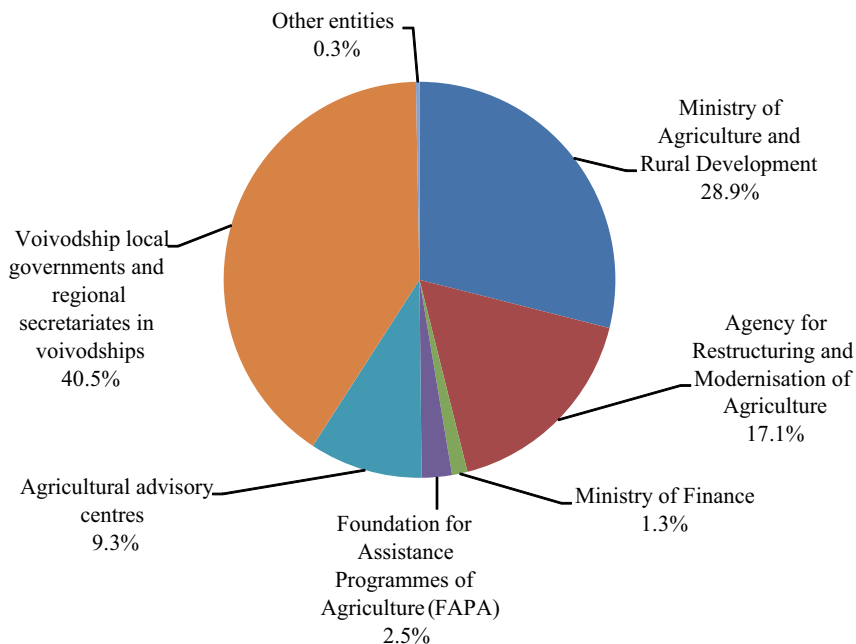


FIG. 4. Absorption of funds from the “technical assistance” budget of the Plan and Programme by institutions as the beneficiaries: a – in 2004–2006; b – in 2007–2013

Source: the author’s own elaboration on the basis of Ministry of Agriculture and Rural Development data.

The next area of research is the social aspect in the measures implemented under RDP 2007–2013, which is not here compared to RDP 2004–2006, because the earlier plan did not contain instruments of a strictly social character. Nonetheless, two instruments can be distinguished in RDP 2007–2013. If our analysis is to be comprehensive, it is essential to determine the relationship between the amount of spending in the provinces to implement Axis 3 and Axis 4 of the LEADER, because the latter was intended to facilitate and increase the effectiveness of Axis 3. A positive correlation coefficient ( $R$ ) between these values (0.92) indicates the existence of a strong correlation, and allows the following conclusion to be drawn: the greater resources spent on Axis 3 instruments in a given voivodship, the more was spent on implementing LEADER measures.

The final aspect of the analysis is the institutional sphere. Spatial Allocation of the “technical support” funds is much more difficult. This is because the beneficiaries were institutions, most of which have only a single seat (e.g. The Ministry of Agriculture and Rural Development), and the assignment of funds in accordance with the location of that seat would lead to the formation of significant and unreasonable disparities. Hence a different approach to the analysis of the institutional aspect was needed. Classification by institution was the approach chosen. It is based on the identification of the beneficiary (or the group of beneficiaries) of the amount coming from the technical assistance budget.

At nearly 64 million PLN, the Agency for Restructuring and Modernisation of Agriculture received the most “technical assistance” funds under the 2004–2006 Plan. This accounted for almost 59% of the total expenditure on measures financed by this instrument. As Figure 4 shows, in receiving over 16 million PLN, the Ministry of Agriculture and Rural Development was the second largest beneficiary of the funds. Agricultural Advisory Centres and the Chambers of Agriculture took in a total of nearly 19 million PLN, though that money was distributed to units in only 10 voivodships.

The situation changed considerably under the Programme. As of 31 December 2014, the most money had been paid to voivodship local governments and regional secretariats, which received a combined 324 million PLN. The Ministry of Agriculture and Rural Development received 231 million PLN, while its share of outlays for “technical assistance” increased 14 percentage points over the Plan. The Agency for the Restructuring and Modernisation of Agriculture was paid 137 million PLN, a twofold increase over the 2004–2006 period, but in the structure of the spending accounted for much less, at just over 17%.

## **REGIONAL APPROACH TO DIVIDING RDP 2007–2013 FUNDS**

A new approach was used to allocate funds under the Programme. It was the result of changes made to the implementing institutions that had handled the 2004–2006 Plan, the Agency for Restructuring and Modernisation of Agriculture. On the other hand, the managing authority (Ministry of Agriculture and Rural Development), payment authority (ARMA) and the certifying authority (Ministry of Finance) did not undergo any changes. Figure 5 presents the institutions that oversaw the RDP 2007–2013 and the activities for which they were responsible.



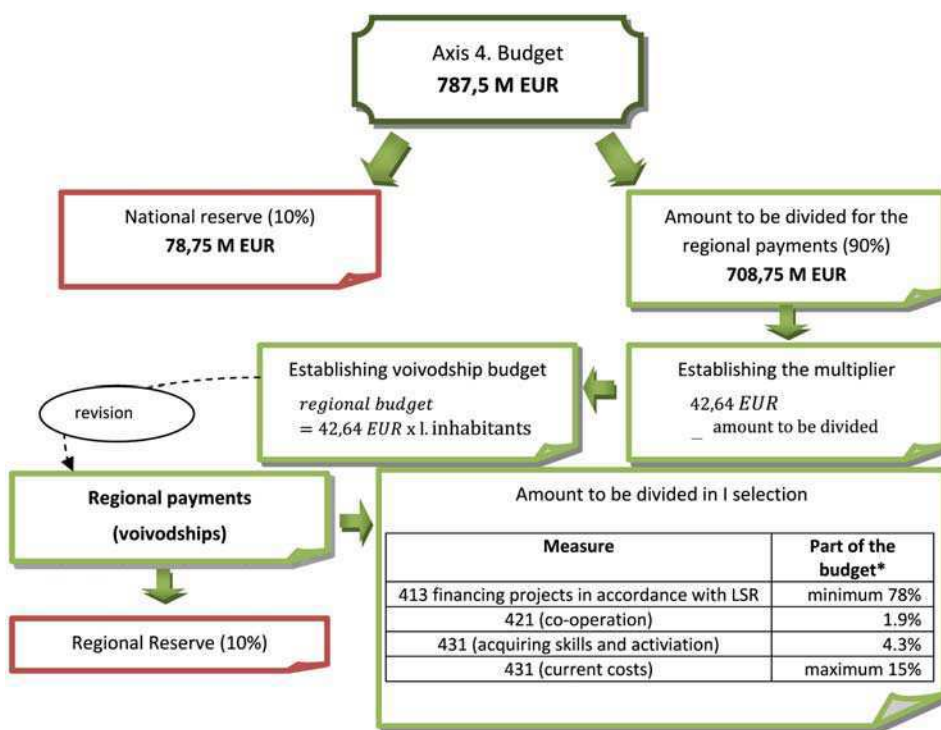
FIG. 5. Institutions implementing RDP 2007–2013

Source: the author's own elaboration.

Because six measures were implemented by local voivodship governments, the extent of funds allocated to these instruments in particular voivodships was broken down by voivodship. The division also included “structural pensions” for the final selection of applications in 2010.

The limit of funds for Axis 4 instruments was established by voivodship using the algorithm presented in Figure 6. The amount divided between voivodships in the framework of regional outlay boundaries accounted for just less than 11% of the entire Programme budget. LEADER accounted for 38% of the total, while the remaining instruments employed by the voivodship local governments amounted to 56 and 6% of the budget went to “structural pensions”. At 11 and 10% respectively, the most funds went to the voivodships Wielkopolskie and Małopolskie while the smallest portion – 3% of the 1,848 million total EUR available to the voivodships – went to Opolskie.

A significant correlation was not revealed between the limits defined for the voivodships and the amount of funds allocated to activities under the 2004–2006 Plan ( $R \sim 0.62$ ), nor the amount of funds absorbed by the voivodships from the budgets of the remaining instruments of the 2007–2013 Programme ( $R \sim 0.73$ ). This may mean that a new approach to limiting outlays at the voivodship level using objective indicators for assessing the situation in a given region and the actual needs for funds in specific areas will be beneficial. The division of funds ensures that the amount allocated to particular goals are adjusted to the needs and that revenue streams will be directed to the regions which actually need them, and are not simply taken up by those beneficiaries that are able to quickly absorb significant amounts of European funds.



\* The percent division applies also to the structure of LGD outlays of the beneficiary.

FIG. 6. Algorithm used to determine the Axis 4 budget for the voivodships

Source: elaborated on the basis of A. Futymski, Financing Axis 4 Leader, FAPA, electronic document retrieved from [http://www.fapa.com.pl/leaderplus/docs/200\\_Finansowanie\\_Osi\\_4.pdf](http://www.fapa.com.pl/leaderplus/docs/200_Finansowanie_Osi_4.pdf) [accessed: 07.04.2015].

## SPATIAL DIFFERENCES BETWEEN THE PLAN AND THE PROGRAMME

The final part of the research will examine the issue of targeting measures and the absorption of funds allocated for their realisation under the Plan and Programme. Beneficiaries in the particular voivodships received financing for all of the measures implemented during the period covering both RDPs; and, as has been observed elsewhere in this article, there existed a nearly unchanged group of voivodships characterised by high as well as low degree of absorption of funds from the different segments of measures. Therefore it is possible to put together individual structures of subsidies for administrative units and the select main components that the units focused on.

Absorbing 67% of funds, the environmental aspect was the Plan's dominant aspect, while the economic aspect, accounting for 46% of funding, had more allocated than all the other aspects in the Programme. However, this does not mean that the optimal state for each of the administrative units would be to reflect the ratio of the amounts spent on each group of measures defined for the entire Plan and Programme. These documents

considered the specific targeting and needs of the regions, which is why, it is assumed, the targeted measures should be differentiated on a regional level. Figure 7 presents the situation for the individual voivodships as it has unfolded since 31 December 2014.

The outlays for financing from the 2004–2006 Plan budget was in almost all of the voivodships identical and in agreement with the dominant environmental aspect indicated for the entire plan. Only the voivodship Świętokrzyskie differed, with 61% of funds going to economic issues, while in two other voivodships – Małopolskie and Lubelskie – the environmental and economic allocations were even.

The situation was similar for the 2007–2013 Programme insofar as the dominant aspect was the economic, both for the programme as a whole and individual beneficiaries. The environmental aspect led only in Lubuskie (50% of funds), Zachodniopomorskie (56%), Pomorskie (43%) and Warmińsko-Mazurskie (48%). The social aspect did not lead in any of the voivodships.

When considering the amount of funds gained from the Plan and Programme budgets by beneficiaries from the individual voivodships, there was a greater number of regions in which funding for economic measures was dominant. The environmental aspect was targeted in the Lubuskie, Zachodniopomorskie, Warmińsko-Mazurskie and Podlaskie voivodships. Significant outlays made on social aspects are also noteworthy, with four voivodships in the south of the country spending more than 25%: Śląskie (35%), Małopolskie and Podkarpackie (31%) as well as Opolskie (just above 25%). While they were not among the leading beneficiaries of Axis 3 and Axis 4 funds, the position they took with regard to the social aspect is worth examining.

Each of the three aspects in which all of the measures were implemented involved spatial characteristics as well as economic, environmental and social elements. On the basis of several factors reflecting to some degree the situation upon which the implementation of the instruments was to impact, an attempt has been made to assess their connection with the actual directions of the absorption of the funds over the entire period.

The basic unit for assessing the absorption of the funds from the groups of instruments applied to the environment is least favoured areas (LFA). Additional features researched for the correlation of the amount of funds paid by voivodship was the area of farms and the number of farms by groups of areas.

The research showed that there is a positive correlation between the share of LFAs in areas of agricultural usage and the amount of funds paid for environmental measures in a given voivodship ( $R = 0.5$ ). This means that the larger the share of LFA territory in agricultural usage land, the higher the funds beneficiaries received from environmental aspect budget in the voivodship.

The study did not reveal a strong correlation between the surface area of farms, as well as, according to area groups and the average area of farms in the province, and the amount of funds paid for environmental measures. There was a fairly strong positive correlation ( $R = 0.72$ ) between the percentage of farms 10–15 ha in size to the number of farms in the province, and the amount of funds allocated for environmental instruments in the RDP 2004–2006 and RDP 2007–2013 budgets. Furthermore, there was a fairly strong negative correlation ( $R = -0.64$ ) between the percentage of farms with an area of 10 ha and the value of the funds paid for environmental measures. The larger the share of farms not exceeding 10 ha, the less funding a voivodship's beneficiaries received.



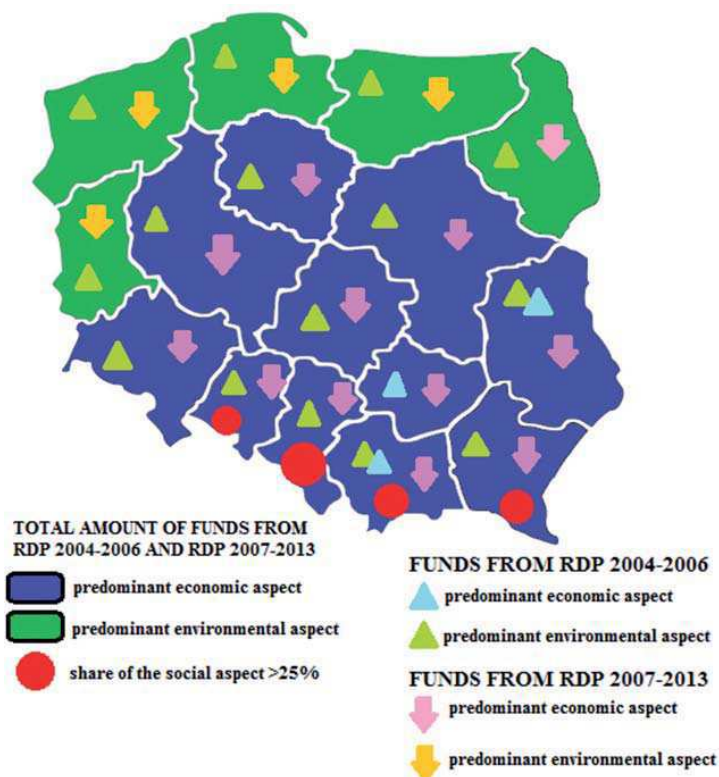


FIG. 7. Absorption of funds from a selected group of instruments implemented in the 2004–2006 Plan and the 2007–2013 Programme in the voivodships, as of 31 December 2014

Source: the author's own elaboration on the basis of Ministry of Agriculture and Rural Development data.

The number of farms by land area groups and their surface area also served as an explanatory variable in the study of the distribution of funds from the budget of economic instruments. Significant relationships were characterised by those relating to the percentage in the structure of farms by land area groups of the amount paid for economic measures. For organic farms up to 1 ha the correlation was negative and weak ( $R = -0.36$ ), while for the share of farms of 10–15 ha it was positive but weak ( $R = 0.38$ ). In addition, the value of funds paid in a given voivodship from the group of economic measures showed a moderate correlation with the average disposable income from a private farm for 1 person ( $R = 0.6$ ).

## CONCLUSIONS

The Rural Development Plan 2004–2006 and the Rural Development Programme 2007–2013 provided farmers and other inhabitants of villages a number of instruments along with significant funds to put them to work. They constituted an opportunity for

Polish villages to expedite and strengthen development processes, and they also supported harmonious development and enabled territorial coherence not only for rural areas, but throughout Poland. The ten years during which the Plan and Programme were binding was for Poland a time of dynamic transformation in the development of economic competitiveness, guaranteeing balanced growth of rural areas, environmental protection, improved quality of life for the inhabitants of villages and the implementation of innovation – not only in regard to new technologies in agriculture, but also planning and managing projects, which were intended to change the image of rural areas. This was the result of Axis 4 of the RDP 2007–2013, which assumed a bottom-up approach to design, at the local community level, through local action groups.

If growth in rural areas is to be balanced, financial instruments functioning on all levels – the economic, the environmental and the social – are needed. All of the strategic documents at the design stage of the instruments laid out their budget, which was eventually changed due to the reallocation of funds. The amount of money allocated to groups of instruments of certain aspects of the entire RDP I and II budgets guided the orientation of their activities in both financial frameworks. The RDP 2004–2006 budget reduced two activities not directly tied to implementing the goals laid down in the document. “Fulfilling the direct payments” and “projects within the framework of regulation 1268/1999” accounted for a total of 23.5% of the funds allocated for the implementation of the plan, and totalled 3.6 billion EUR. More than half of these funds were allocated to Priority B instruments – “balanced rural development”, while the remainder was paid to beneficiaries of the priority A measures “growth in farm competitiveness”. It can therefore be concluded that the plan placed both its focus and funds on the environmental aspect of balanced growth.

The situation changed during the implantation of RDP 2007–2013. Aside from a substantially higher general budget of 17.4 billion EUR, activities of a social character were now instituted. Axis 1 instruments for “improving the competitiveness of the agricultural and forestry sector” to address balanced growth were to account for 46% of the RDP 2007–2013 budget. Axis 2 “improving the natural environment and the countryside” accounted for 29% of the budget while Axis 3, “quality of life in rural areas and diversification of the rural economy”, together with Axis 4, “implementation of LEADER”, were to support the social aspect and receive 23% of the budget. So, the basic difference in orientation of RDP 2007–2013 and RDP 2004–2006 was the dominant economic aspect and the entrance of a social aspect in the latter programme.

When it comes to how the funds were distributed across Poland’s voivodships under the rural development plan and the programme, the amounts were similar. Under both, the most money went to six voivodships: Mazowieckie, Wielkopolskie, Kujawsko-Pomorskie, Łódzkie, Podkarpackie and Lubelskie. The voivodships to take in the least amount of money were Śląskie, Opolskie and Lubuskie. The Pearson correlation coefficient calculated to determine the degree of interdependence between the amount of funds received by the beneficiaries from chosen voivodships from the RDP 2007–2013 budget from the amount received from the RDP 2004–2006 budget was 0.98, unequivocally confirming the strong relationship.

The RDP 2007–2013 budget covered obligations from the 2004–2006 RDP under contracts signed with the beneficiaries for activities including “Structural pensions”, the

implementation period for which exceeded the payments period from the RDP 2004–2006 (2008) budget. These commitments varied by province – from 16 to 32% of the funds paid out. Budget Axis 1 of the RDP 2007–2013, the economy, absorbed between 29 and 52% of the pensions, while Axis 2, the environment, absorbed between 7 and 26%.

Provinces characterised by the highest and lowest absorption of funds from the different groups of instruments – that is, the economic, environmental and social – actually did not differ from those defined for funds from the budget of the entire RDP 2004–2006 and RDP 2007–2013. In addition, there was a correlation between the amount of money paid out in the provinces from the Axis 3 and Axis 4 budgets, which can be described as positively accurate, since the Axis 4 LEADER instruments were intended to support the implementation and execution of Axis 3.4.

Despite the existence of fixed groups of regions – including the leaders and those that do not stand out for receiving a high degree of absorption funds, the orientation of the funds in the individual administrative units can still be determined. Given the amount paid out in the two programming periods, most voivodships opted to focus their financial resources on the economic axis. In five provinces in the north of Poland – Lubuskie, Zachodniopomorskie, Warmińsko-Mazurskie and Podlaskie, the largest share of expenditures went to environmental issues. The social aspect did not command the largest share of investment in any of the voivodships, but in the Opolskie, Śląskie, Podkarpackie and Małopolskie voivodships, all in the south of the country, public expenditure on social issues in both the RDP 2004–2006 and RDP 2007–2013 exceeded 25%. This does not mean, however, that they were the most active areas in obtaining these funds. The Axis 4 budget was divided between the provinces on the basis of a fixed algorithm correlated to population size, among other factors, and two measures of Axis 3 were determined by regulation limits for individual voivodships.

Rural development policy in Poland has to a great degree depended on the RDP 2004–2006 and RDP 2007–2013. The policy was reflected in the goals and priorities of each framework. By proposing a range of instruments, the EU afforded Member States considerable discretion in which they chose, and required a minimum share of the axis of the planned budget for the entire document be allocated in particular ways only in the second programming period. Volatility in designing the funds between the financial perspectives, their heavy use and diversity at the regional level characterise the activities and measures implemented, and have led rural development policy in Poland to be assessed in a positive light. They attest to the efforts being made to adapt the amount of the funds allocated for various aspects of sustainable development and territorial areas to the country's needs.

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**Summary.** The development of rural areas is currently one of the more important priorities in the Common Agricultural Policy. In Poland, precisely drawn up rural development policy coupled with complex instruments have been implemented since Poland joined the EU on 1 May 2004. The aim of this article is to present the widely defined activities and measures implemented in the framework of the Rural Development Plan 2004–2006 and the Rural Development Programme 2007–2013. It also compares how they were shaped during the two financial frameworks. The article also presents the spatial absorption of the

funds intended for their realisation and the beneficiaries by voivodship. Finally, the article defines the interdependencies between the amount of funds paid by voivodship in both of the programming periods.

**Key words:** RDP 2004–2006, RDP 2007–2013, rural development, balanced development, European funds in Poland

**JEL:** Q18, R28, R51, R58

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