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STRATEGY OF PUBLIC SUPPORT FOR AGRICULTURE AND RURAL DEVELOPMENT. ASSUMPTIONS AND PRACTICE

ABSTRACT

The aim of the article is to confront the arrangements of official strategy papers concerning agricultural and rural development, including the performance indicators, with the data illustrating the real policy pursued in this area and the effects of this policy. The content of key strategy papers as well as relevant data from the Central Statistical Office and the Ministry of Finance were also analysed. As a result, it was found that: (1) the indicators of objectives focused on supporting agriculture and rural areas adopted in analysed strategies cannot be used to interpret a coherent concept of the policy towards rural areas and agriculture; (2) there are inconsistencies between the arrangements of different strategies; (3) public support was aimed primarily at improving the income situation of farmers, to the detriment of achieving such objectives as improvement of agrarian structure and efficiency of farms, improvement of living conditions in the countryside and more effective environmental protection.

Key words: public policies, agricultural support, development policies, EU funds, regional development, local government finance

JEL codes: Z18, O13, H72

Introduction

The purpose of the article below is to assess the effectiveness of using public funds to support agriculture and rural development. The importance of this problem is determined primarily by the role played in the economy by agriculture, whose task is primarily to ensure the state's food security and which, moreover, significantly affects the condition of the natural environment.

An equally important problem, inextricably linked to the necessary modernisation of Polish agriculture, is the support for developing rural areas, which constitute – according to the applicable definitions – over 95% of the country's area and are inhabited by about 40% of the Polish population. Despite repeated declarations of the need to support the development of rural areas, the areas in which agriculture is the main type of economic activity are still undeveloped in terms of social and technical infrastructure, and thus also in terms of living conditions compared to larger cities and

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their neighbourhoods. We would also like to remind the reader that in recent years, amounts of PLN 50-55 billion have been allocated to support agriculture and rural development, i.e. approx. 7-8% of all public expenditures. As it will be presented below, the effects of such large expenses could be – with more reasonable use – much better.

The above list does not include expenditures financed with the administrative institution's own (other than budget subsidies) income for servicing agriculture. However, the amounts of these expenses are insignificant compared to those presented in Table 1.

Table 1. Public expenditure on agriculture and rural development in 2010-2021

| | 2010 | 2013 | 2018 | 2019 | 2020 | 2021 |
|----------------------------------------------------------|----------|----------|----------|----------|----------|----------|
| Specification | | | PLN r | nillion | | |
| Total | 44,880.7 | 55,570.9 | 53,834.3 | | | |
| State budget | 27,097.3 | 27,199.4 | 26,810.6 | 27,647.0 | 30,136.8 | 30,078.9 |
| including: | | | | | | |
| subsidy for KRUS (Agricultural Social Insurance Fund) | 15,671.0 | 16,464.8 | 17,466.5 | 18,859.2 | 18,919.9 | 18,666.7 |
| institutional environment | 1,886.5 | 2,498.6 | 2,658.0 | 2,760.2 | 2,873.8 | 3,104.0 |
| co-financing | 6,249.9 | 5,313.1 | 2,659.8 | 2,607.8 | 4,029.3 | 3,494.1 |
| Budget of European funds | 14,305.4 | 22,391.4 | 19,714.9 | 19,983.5 | 22,770.9 | 20,827.9 |
| including: | | | | | | |
| direct payments | 12,582.6 | 14,133.3 | 14,599.6 | 15,000.3 | 15,179.6 | 15,461.6 |
| Local government unit budget | 3,478.0 | 2,931.6 | 3,006.2 | 2,891.1 | 2,663.2 | 2,927.5 |

^a Without expenditure financed with subsidies from the state budget.

Source: own calculations based on the data of the [Sprawozdania budżetowe...].

The fact that the Agricultural Social Insurance Fund (KRUS) expenditure is almost entirely financed with budgetary resources and is entirely allocated to people related to agriculture speaks in favour of including budget subsidies for this fund in agricultural expenditure. As a result, subsidies to the farmers' social insurance system constitute budgetary subsidies for agricultural households.

In studies on public expenditure, expenditure meeting the efficiency criterion is defined as ensuring the achievement of the assumed objectives (and thus meets the effectiveness criterion) with the lowest possible expenditure, thus meeting the "economy" criterion [NIK 2006]. Therefore, it is clear that the effectiveness assessment may differ depending on the definition of objectives, which should be achieved by spending the analysed public funds. Therefore, it is possible that the same expenses will be effective for a certain set of assumed goals and ineffective when these goals are formulated differently.

Regarding the expenditures supporting the development of agriculture and rural areas analysed in this paper, we considered two alternative ways of formulating the public intervention objectives. The first one assumed that the objectives of supporting agriculture and rural areas were recognised as the achievement of the values of indicators related to the countryside and agriculture set out in the applicable strategy papers; the second one –

referred to the necessity to achieve (as a result of public intervention) such long-term goals like:

- ensuring food security, which means the need to ensure the largest possible share
 of food supply from domestic sources and, at the same time, ensuring the proper
 quality of food,
- implementing the constitutional principle of bequeathing to future generations all that is valuable from our heritage going back over a thousand years, which also means preserving the natural environment in the best possible condition, requiring agriculture and processing of agricultural products to adapt to the requirements of sustainable growth,
- ensuring equal treatment by public authorities, which in particular should mean equal (not only formally) access to public services,
- increasing agricultural productivity, which requires, first of all, improving the agricultural structure, strengthening the technical infrastructure and equipment of farms, and finally providing agriculture with highly qualified personnel, which in turn requires the improvement of living conditions in the countryside.

Both methods have strengths and weaknesses. The reference to the strategy indicators as a way of defining the objectives of support for agriculture and rural areas makes it easy to determine whether the assumed objectives have been achieved. However, the adequacy of the indicators adopted in government documents may raise doubts. In other words – achieving the planned indicators does not have to mean that social expectations towards agriculture and rural areas have actually been met. Thus, the assessment of the effectiveness of the actions taken becomes unclear.

When using the second method of defining the goals of an intervention, the problem turns out to be the lack of an objective basis for the quantification of goals. Efficiency must then be understood a bit differently – as a statement of a positive correlation between the effects of actions financed with public funds and the degree of implementation of the above-described strategic goals.

Taking these arguments into account, we attempted to use both methods of defining goals.

The article uses the results of both published² and unpublished research on public support for agriculture and rural development carried out since 2020 at the Institute of Research and Financial Analyses of the University of Information Technology and Management in Rzeszów. This research focuses on formulating detailed recommendations to improve the effectiveness of the so far applied principles and instruments for supporting agriculture and rural areas. This requires, first of all, a critical assessment of the current state of affairs.

² The results of these works can be found in: [Misiąg et al. 2020, Pomianek et al. 2021, Misiąg (W.) et al. 2022, Misiąg et al. 2022].

Shaping the development policy – current state

The legal basis for programming the socio-economic policy of the state is the Act of December 6, 2006, on the principles governing the conduct of development policy [Dz.U. z 2021 r., poz. 1057, as am.]. Until now, it has been amended almost 30 times and significantly differs from its original content. On October 29, 2018, the government adopted a document entitled "Development Management System in Poland" [Uchwała nr 162/2018], which was to become the basis of a new act defining the principles of development policy. The intention to adopt a new act was abandoned, while – in 2020 – a far-reaching amendment [Dz.U. 2020, poz. 1378] to the act of 2021 was made.

After the 2008 amendment to the Act of 2006 [Dz.U. nr 216, poz. 1370], the development policy management system consisted of the following hierarchically arranged strategy papers:

- long-term national development strategy and the national spatial development concept,
- medium-term national development strategy,
- other strategies, defining the basic conditions, goals and directions of development in given areas indicated in the medium-term national development strategy, relating to the region, spatial, sector or field development,
- programmes defining instruments for the implementation of the above-mentioned strategies.

The 2020 amendment resulted in significant changes in the document structure outlined in this way. The preparation of the long-term national strategy was abolished and replaced with the concept of national development, which is also intended to replace the concept of national spatial development. Municipality development strategies and subregional development strategies were added to the strategy system.

Based on the amended act on the content of the national development concept specified in its Art. 8a, which includes:

- conclusions from the analysis of development trends taking place in the country,
- conclusions from the analysis of development trends taking place in the world and their potential impact on development trends,
- development scenarios and development challenges of the country in the social, economic and spatial dimensions;

it is clear that this document is only intended to be a reflection paper, allowing the creation of future strategies. The concept of national development should be adopted by October 12, 2022 [Dz.U. 2020, poz. 1378, art. 34]. The current state of work on this document³ indicates that it is likely that this deadline will not be met, or that it will be adopted without in-depth discussion.

Therefore, the development programming horizon has been shortened to the 10-15 year perspective established for the medium-term strategy. By the way, considering the changes in the layout of strategy papers, it is worth noting that in the amendment of 2021, the current content of Art. 11-12 of the Act on the Rules of Development Policy

³ To date, not even a preliminary draft of the "Concept" has been published.

Implementation, which was indicated in the resolution of the Council of Ministers on adopting the Strategy for Responsible Development and formally having a role of a medium-term strategy, formally means that this resolution loses its legal force.

Regardless of the formal problems indicated above, in recent years, there has been farreaching devastation of the entire management system of national development. As examples, we can primarily consider:

- "Silent replacement" of the applicable in the opinion of the government Strategy for Responsible Development with other government programmes, including the "Polish Order" programme,
- the almost five-year process of adopting sector strategies formally related to the Strategy for Responsible Development,
- the delays described above in preparing and adopting the concept of national development.

The more and more frequently applied practice of transferring the management of public funds to government-related institutions outside the public finance sector and managing these funds according to unclear, often unpublished rules undoubtedly contributed to the decomposition of standard procedures for national financial management. As an example, it is worth mentioning the sub-division of funds among municipalities managed by Bank Gospodarstwa Krajowego (BGK) for the Governmental Fund for Local Investments[Flis and Swianiewicz 2021], as well as funds from the Local Government Investments Programme [Flis and Swianiewicz 2021].

Agriculture and rural areas in strategy papers

Agriculture and rural areas development are important parts of national development policies and are inextricably linked. It is for this reason that it is necessary to coordinate and complement the development activities undertaken in both of the areas mentioned above. However, such an approach is difficult due to two, distinctly separate ways of conducting development policy, as well as internal contradictions between the adopted strategies. In the Polish legal system, we can distinguish:

- development strategies adopted based on the act for the principles governing the conduct of development policy and covering national, sectoral, regional and local strategies,
- programming documents specifying the rules for using funds from the European Union budget, which include the Partnership Agreement, the 2023-2027 Common Agricultural Policy (CAP) Strategic Plan⁴, as well as national and regional operational programmes, and finally the Rural Development Programme.

It should be recalled that the provisions of the act on the principles governing the conduct of development policy do not apply to the funds from the EU budget and those allocated to the financing of the Common Agricultural Policy. It should also be noted that both the Partnership Agreement and the Common Agricultural Policy Strategic Plan must

⁴ Until the end of 2022, the rules established for the 2014-2020 financial perspective were in force in the CAP.

be consistent with the EU strategies, which means that they cannot provide financing for all projects included in the national programmes. This applies in particular to energy issues, the impact of agriculture on the environment and, more broadly, to environmental protection.

As part of this study, we will not deal with regional and local strategies in the area of support for agriculture and rural development; local governments do not have the appropriate tools to implement the proposed changes. However, the National Recovery and Resilience Plan (NRP) will be analysed. In June 2022, the NRP was approved by both the European Commission and the Council of the European Union. Under this plan, Poland may receive EUR 107 billion of non-returnable aid and up to PLN 52 billion in loans. Due to the EU's reservations about the rule of law in Poland, the prospects for receiving these funds and, thus – launching the NRP – are difficult to define.

It is also necessary to pay attention to the current geopolitical situation related to both the changes in the economy caused by the COVID-19 pandemic and the current situation in Ukraine – the related economic downturn and the difficult situation on the energy market will have a negative impact on the implementation of plans contained in strategy papers.

Strategy for responsible development

The 2017 Strategy for Responsible Development (SRD), which is a medium-term national development strategy, is formally the basic strategy paper based on which the development policy should be conducted. The strategy itself is based on the Responsible Development Plan, which is both a reflection paper and a strategic plan. The main goal of the strategy was to create conditions for the growth of Poland's income with a simultaneous increase in social, economic, environmental and territorial cohesion. The specific objectives relate to sustainable economic growth, development that is both sensitive and territorially balanced, and the effectiveness of the functioning of the state. Formulating the goals in such a way shows how broad the plan of the SRD is. Due to its general nature, it refers directly to agriculture and rural areas in a very limited way, presenting a vision of functioning rather than specific tools along with an appropriately selected financial framework.

The provisions of the strategy create a pact for rural areas, the aim of which is to de-marginalise rural areas along with an increase in the quality of public services and a growth in social capital. The SRD lists eight basic areas of intervention that relate to both agriculture and rural areas:

- development of local markets, including agri-food ones (e.g. local processing, direct sales),
- entrepreneurship and professional mobility in rural areas using the potentials of local and subregional economies,
- increase in employment transport accessibility of rural areas, flexible working hours employment, remote work,
- viable, multifunctional family farms,
- use of renewable energy sources,
- programmes to revitalise small towns by strengthening their economic, social and cultural functions,

- a sustainable agricultural production sector ensuring food security,
- inclusion of family farms in the profitable production process of food of the highest quality, in particular, based on the traditional methods of production and GMO-free products⁵.

The specific actions described in the strategy, which translate into achieving its goals, are not combined with the necessary tools. The key activity, also described in the sectoral strategy of agriculture, is smart specialisation at both the national and regional levels; these objectives align with the Europe 2020 strategy and formally function only on two levels. However, as Wiatrak [2021] writes, smart specialisations should also be taken into account when creating development plans at the local level. Smart specialisations at the national and provincial levels are supervised by the Ministry of Development.

It is also worth noting the significant role of local communities, whose task is to lead the development of the CLLD model⁶. According to the responsible development strategy, local development should be based on Local Action Groups (LAGs) and local community initiatives supported by appropriate national and EU instruments.

In the SRD, there is no presentation of specific tools to support planned activities, as well as a more precise financial framework. The planned investment expenses used to finance strategic projects are also an important issue – they assume, among other things, private investments in the amount of over PLN 300 billion by enterprises, as well as over PLN 200 billion from national development funds (which means additional debt). Comparing these figures with the data from before 2017 on business investments, these plans seemed very optimistic from the very beginning.

A separate issue is the selection of strategy monitoring indicators, especially in areas related to developing rural areas and agriculture. Ignoring general economic indicators related to the increase in GDP, the decline in income stratification and the decline in the risk of poverty, the only indicator relating to agriculture concerns the percentage of farms with an area of less than 5 ha (the value is to drop from 51 to 40%).

Polish Order

From the beginning of 2022, the legislative solutions known as the "Polish Order" (PO) began to be implemented – as already mentioned, this is not a formalised development strategy; however, while observing the way it is constructed – the sectoral coverage and presented development priorities – it should be treated as a strategy. The goal of the Polish Order is to overcome the crisis caused by COVID-19 and to make an "epochal civilisation leap". Due to the less formal way of building the PO, the authors departed from creating the structure of goals to be achieved. In terms of agriculture and rural development, the PO is much more precise than the SRD and formulates specific actions and solutions aimed at the sustainable development of both these areas.

The key proposals presented under the PO relating to the operation of farms include:

• legislative solutions reducing bureaucracy related to running agricultural activities, agricultural retail trade and small processing. The Rural Code and the

⁵ Based on the [Ministerstwo Rozwoju 2017].

⁶ CLLD – community-led local development

Family Farms Act are to be part of these changes – their aim is to secure the functioning of family farms,

- creating marketplaces which allow farmers to sell their products directly to final customers,
- increasing the rates of subsidies for agricultural fuel by 10%,
- facilitating access to agricultural land owned by the Agricultural Property Stock of the State Treasury administered by the National Centre for Agricultural Support,
- introducing the lack of obligation for agricultural retirees to sell farms,
- reconstructing the pig population,
- increasing subsidies for farms below 50 ha.

The proposed changes are to be introduced successively in the coming years, and most of them cannot be assessed at present. Art. 23 of the Constitution of the Republic of Poland defines family farms as the basis of the state's agricultural system – the proposed laws are to increase the protection of family farms, including against liquidation because of bailiffs' executions or exploitation and usury [PiS 2021]. It is also proposed to establish an Agricultural Guarantee Fund, the task of which is to guarantee income; the potential relationship between the fund and the direct payments system and the preliminary financial data has not been presented. So far, the bills mentioned above have not been drafted and, considering the current situation, they should be treated as non-priority acts.

The plan to create a network of farmers' marketplaces has been presented in several different variants – in each municipality or in each city. Local governments will be responsible for their organisation and running, and the markets themselves should be available to farmers free of charge. Their idea is to shorten the supply chain, increase the role of agricultural retail trade and increase farmers' income by excluding intermediaries.

Changes related to retirement and disposal of the farm may have a negative impact on the plans described in the Strategy for Sustainable Development of Rural Areas, Agriculture and Fisheries (SZRWRiR) regarding the increase in the average area of a farm and may cause an increase in agricultural land not used for agricultural production. The provision concerning additional payments for farms below 50 ha is also unclear. In the currently functioning system, there is an additional (redistributive) payment paid to owners of farms from 3 to 30 ha. It is not known whether the new payment would replace the additional payment or it would be a new supporting mechanism; there is also a lack of information on funding sources.

The proposal to increase the herd of pigs is also puzzling. Between 2010 and 2020, the herd decreased by almost 30% [GUS 2021], which was caused by both the ASF epidemic and the change in eating habits in Poland. The attempt to reconstruct the pig population does not seem to be justified in terms of market needs, even when considering export opportunities.

The development of rural areas in the PO focuses on three leading tasks. The first of these tasks is to support local government units in financing investments. The newly established Polish Order Government Fund will – through non-returnable co-financing from the Strategic Investments Programme – cover up to 95% of the value of supported

local government investments. Road investments and municipal management investments will be preferred. The fund is to be managed by BGK and financed through issuing bonds.

The second key priority is to increase the energy efficiency of both residential and public buildings in rural areas. For years thermo-modernisation of public buildings has been one of the main orientations of property expenditure, especially among rural and urban-rural municipalities. These actions seem to be extremely important now, with significant increases in electricity and heating costs.

The third priority task is additional support for former state-owned municipalities. The amount of the granted support does not correspond to the income situation of the municipality. According to published data [Redakcja Serwisu Samorządowego PAP 2022], the greatest support was granted to municipalities with relatively high incomes per capita. The total funds transferred to the former state-owned municipalities in 2022 amounted to PLN 586 million.

Strategy for Sustainable Development of Rural Areas, Agriculture and Fisheries

The Strategy for Sustainable Development of Rural Areas, Agriculture and Fisheries 2030 (SZRWRiR), adopted on October 15, 2019, is one of the eight sectoral strategies that complement and extend the national medium-term development strategy. It replaced the strategy of the same name, which was in force in 2012-2020. The main goal of the strategy is "the economic development of the countryside that will enable a sustainable increase in income of its inhabitants while minimising the economic, social and territorial stratification and improving the condition of the natural environment" [M.P. 2019 poz. 1150]. Such a broad formulation of the main goal, which refers both to agriculture itself and to rural areas, territorial cohesion, quality of public services in the countryside and environmental protection clearly shows the inseparability of agriculture and rural areas. However, while the main goal accurately reflects the strategy's goal, the main performance indicators do not. The strategy assumes a decrease in the income stratification of rural and urban residents, a double reduction in the number of people living below the relative poverty threshold in rural areas and an increase in the share of processed products in the export of agri-food industry products. These indicators only partially relate to the main objective and do not address rural development, but only show how the countryside comes closer to the city level.

The strategy also presents, in a very condensed and general way, a vision of the Polish countryside in 2050. The village is to be a place of "work, residence, rest and agricultural and non-agricultural business activity". Detailed objectives of SZRWRiIR are related to the second specific objective of the SRD, which speaks of socially sensitive and territorially balanced development – such a link between specific objectives is part of the sustainable territorial development plans.

The first specific objective concerns increasing the profitability of agricultural and fishery production and lists five directions of intervention:

- new models for the organisation of production and markets, short market chains and fair competition,
- food quality and safety,

- development of innovation, digitisation and industry 4.0. in the agri-food sector and its modernisation,
- risk management in the agri-food sector,
- expansion and development of sales markets for products and raw materials of the agri-food sector, including the bioeconomy⁷.

As seen above, most of the interventions concern the food market, the implementation of new methods in agriculture and the quality of the food produced. You can see here the lack of a link between the strategic priorities with the already functioning programmes, including the RDP.

The second specific objective relates to the improvement of the quality of life, infrastructure and the condition of the environment. It includes interventions in the areas of:

- development of linear technical infrastructure,
- the availability of high-quality public services,
- development of social infrastructure and revitalisation of villages and small towns,
- sustainable management and protection of environmental resources,
- adaptation to climate change and counteracting it.

Actions to achieve this goal focus on improving infrastructure in rural areas (and consequently also developing public services) and environmental protection. These activities will require high investment expenditures, including – in appropriate proportions – infrastructure actions and environmental protection. The experience gathered during the last 15 years of project implementation (mainly with the use of EU funds) shows an undisputed advantage of projects in the field of social infrastructure and the so-called revitalisation of environment protection projects.

The third specific objective is the development of entrepreneurship, non-agricultural jobs and an active society. It covers five areas:

- response to demographic changes and their consequences,
- development of entrepreneurship and new jobs,
- increase in the skills and competencies of rural residents,
- building and developing the ability to cooperate in the social and territorial dimensions,
- development of the economy and social solidarity in rural areas.

The areas under the third specific objective seem to be absolutely crucial for the success of the whole strategy. The creation of non-farm employment, which results in stopping the depopulation of non-agglomeration rural areas and increasing the skills and competencies of their inhabitants, is the only way to achieve the remaining goals. Both agriculture and improving the quality of life in rural areas, i.e. the first two specific objectives, can be achieved only after reaching the third objective. It is also the most difficult goal to achieve, which requires substantial investments. Actions proposed under the third specific objective are mainly related to training which increases qualifications and skills as well as professional activation in non-agricultural professions. It also seems

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⁷ For the definition of the bioeconomy, cf., e.g. [Pink and Wojnarowska 2020]

necessary to create mechanisms that would increase entrepreneurship in rural areas. According to a survey conducted in 2016 [Mickiewicz 2016], this is mainly a task for both central administration and local government units.

The prepared financial framework of the strategy is completely outdated today, and it is known that it will not allow the planned activities to be carried out; it is not known whether the scope of implemented actions will be limited or whether there are plans to increase funds for the implementation of prepared tasks. It is also necessary to pay attention to the way actions are formulated. The structure of the strategy has a main goal, then specific goals, then intervention directions and finally, action. Each intervention direction is described with specific actions (from several to several dozen). Unfortunately, the way they are formulated is too general and does not refer to the entity responsible for its implementation.

The strategy monitoring indicators need to be also addressed. The implementation of SZRWRiR is monitored using 36 indicators [Strategie krajowe...]. These 36 indicators are responsible for monitoring 274 actions under the three specific objectives and a further 69 general actions. We consider the number of monitoring indicators and their selection to be inappropriate, and they prevent a reliable assessment of the implementation status of the strategy.

EU funds financing the undertakings of the Common Agricultural Policy

The Partnership Agreement (PA) and the Common Agricultural Policy Strategic Plan (CAPSP) are not national development strategies within the meaning of the Act on the principles governing the conduct of development policy; however, they are undoubtedly strategy papers for Poland and – what is much more important – strategy papers with not only precisely defined goals and indicators of their implementation, but also with a significant financial framework to achieve these goals.

We are at the turn of two consecutive, significantly different, long-term budgets of the European Union. The financial perspective for 2014-2020 with the two-year extension due to COVID-19 ends, and the perspective for 2023-2027 begins. The most important change is the separation of the Partnership Agreement covering the structural funds and the Common Agricultural Policy Strategic Plan. RDP priorities are also changing, as they are the rules for granting direct subsidies.

- In accordance with the CAPSP approved by the European Commission on August 31, 2022, from the beginning of 2023, the system of direct payments will be amended by:
- introducing the concept of an *active farmer* having the status of an active farmer will be a necessary condition for receiving income support both under pillar I and payments under the Rural Development Program (RDP), e.g. payments for areas with natural or other specific restrictions (LFA),
- approximating rates of direct payments with their average level in EU countries,
- excluding basic payments from the reduction mechanism,
- granting payments to young farmers only with appropriate professional training or skills,
- differentiating payments regionally based on cattle production and their relation with the size of an average farm in a given region.

An important factor is the restriction of access to payment just for economically active farmers, which will allow for an increase in payment rates. The strategic plan assumes that an active farmer will be recognised as a person who indicates agricultural activity as their leading business activity in the Central Register and Information on Economic Activity (CEIDG), submits relevant documents from the National Court Register, proves that at least 1/3 of the farm's income comes from agriculture or that the amount of direct payments is at least 5% of the total income from non-agricultural activities. The obligation for young farmers to demonstrate appropriate qualifications will be fulfilled by having role-specific education (basic trade, secondary trade, secondary or basic vocational education) or a confirmed 3-year experience in agriculture. The transfer of almost 30% of RDP funds to pillar I⁸, which is now necessary due to the potential necessity to lower the payment rates, will be maintained. In total, in the years 2023-2027, the CAP financial plan anticipates expenditure on direct payments in the amount of EUR 17.3 billion, including transfers from the EAFRD. Moreover, the Ministry of Agriculture and Rural Development announced the launch of the Transitional National Aid programme with a budget of approx. EUR 450 million. The introduced changes should be assessed positively – it is particularly important to connect payments with the status of an active farmer.

The allocation for the Rural Development Program, after the transfer of some funds to pillar I, amounts to EUR 4.7 billion, and an additional EUR 3.2 billion from the state budget will be used to co-finance projects. The 2023-2027 programme consists of 46 actions covering agriculture, rural development, support for local communities, environment protection and forest programmes. As you can see in the table below, over 70% of the initial allocation⁹ was set aside for agricultural programmes. These actions include additional payments, support for organic farming, investments in farms, advisory services and the creation of producer groups. Rural development means primarily investment in infrastructure in rural areas and support for local action groups/LEADER. Expenditures on environmental protection and counteracting climate change are mainly aimed at biodiversity protection and investments contributing to the environment and climate protection.

Table 2. Funding allocation for the 2014-2022 Rural Development Programme

| Programmes | Total Public Expenditure | IFI contribution | | ontribution | | |
|--------------------------------------|-----------------------------|-------------------------|---------|-------------|--|--|
| | E | UR million | | % | | |
| TOTAL | 7,579.7 | 7,579.7 4,512.6 3,067.2 | | | | |
| Agriculture | 5,409.8 | 3,135.3 | 2,274.5 | 74.16 | | |
| Additional payments | 1,527.7 | 1,000.1 | 527.5 | 17.20 | | |
| Support for agriculture | 2,977.2 | 1,637.4 | 1,339.7 | 43.68 | | |
| Organic farming | 904.9 | 497.7 | 407.2 | 13.28 | | |
| Development of rural areas and local | | | | | | |
| communities | 1,217.3 | 669.5 | 547.8 | 17.86 | | |
| Environment and climate protection | 886.2 | 654.5 | 231.6 | 7.55 | | |
| Forest programmes | 66.5 | 53.2 | 13.3 | 0.43 | | |

Source: own study based on the Strategic Plan for the CAP.

⁸ In the years 2023-2026. There will be no funds transfer in 2027.

⁹ Despite signing and approving the Common Agricultural Policy Strategic Plan, allocations of funds for EAFRD actions are described as insufficient.

The amounts in the above table do not total to the full amount of the allocated funds due to additional commitments in other areas, technical assistance expenditure, sectoral programmes and the still preliminary nature of the division between priorities.

Despite the fact that programming the development with European funds is not a real development strategy, the most precise preparation of objectives and directions of intervention, along with a precise financial framework, is clearly visible here. Most importantly, the above amount is guaranteed and practically does not depend on the size of private investments.

National Recovery and Resilience Plan

The National Recovery and Resilience Plan (NRP) is related to the EU Instrument for Recovery and Resilience¹⁰. The condition for receiving funds from this instrument is preparation and consent from the European Commission for the National Recovery Plan. The Polish NRP was approved in June 2022 by the European Commission and the EU Council. However, the operation of the NRP and the transfer of funds to Poland is currently suspended due to the ongoing conflict between the Polish government and the European Commission, and the prospects for changing this situation are unclear.

The NRP for Poland consists of a non-reimbursable subsidy component (PLN 107 billion) and a loan component (PLN 52 billion). As agreed with the European Commission, almost 2/3 of the funds will be allocated to counteracting climate change and digital transformation. The remaining priorities concern strengthening the resilience and competitiveness of the economy, increasing the efficiency and accessibility of the health care system, and clean transport. None of the priorities are directly and exclusively related to support for agriculture or rural areas; however, in each of the components, actions are to be taken to support territorial cohesion. From the perspective of rural areas, the method of dividing funds to increase the efficiency of health care seems to be particularly important, as the level of medical services in rural areas is distinctly different from their level in cities.

National Strategy for Regional Development

The National Strategy for Regional Development [M.P. 2019 poz. 1060] (NSRD), adopted on September 17, 2019, is a national sector strategy responsible for sustainable territorial development at the regional and sub-regional levels. The most important assumptions of the NSRD are as follows:

- the main direction of intervention will be medium-sized cities losing their socioeconomic functions, and the support is to be focused on less developed areas, in particular in Silesia and Eastern Poland,
- the role of provincial governments is to manage regional development; local governments should be more actively involved in creating development policies,
- contracts concluded between the government and provincial governments are to cover not only tasks financed under regional operational programmes, but also sector contracts,

¹⁰ Recovery and Resilience Facility

• financing of regional development with national funds is to increase.

The content of the SRD indicates the assumption that regional development should be based on supra-local programming and is not directly related to agriculture or rural areas. The SRD assumes investments in medium-sized cities (district and larger cities, which are not cities with district status) – they are to become centres of local communities.

As we can see in the table above, both the selection of the indicators and their target values may give rise to discussion. There are no indicators relating to agricultural production both in terms of efficiency and quality. The only income indicator relates to comparing economic activity with agricultural activity. Rural development indicators focus on infrastructure and concern social capital at a minimum degree. Some indicators have already been achieved; in other cases, it can be seen that the planned values were selected too optimistically.

Adequacy and coherence of national strategy indicators for agriculture and rural development

A key element of each strategy is to prepare an appropriate method of monitoring the progress in implementing planned actions. The selected indicators should correspond to both the goals and the tools to achieve them, and monitoring the effectiveness of actions understood as achieving the planned goals while incurring the planned expenses. This gives the opportunity to react to possible irregularities in implementing the strategy and adjust it to the current conditions.

Most of the indicators presented above do not raise any major doubts, although some surprising facts should be pointed out, such as:

- setting the target ratio (for 2030) for the average annual net disposable income per person in a rural household to the urban one at a level lower than already achieved in 2020;
- recognising the number of non-governmental organisations per 10,000 residents in the NSRD for an adequate indicator of the social capital development,
- assuming that by 2030 the area of ecological land should practically remain at the current, very low level of approx. 0.5% of the area of agricultural land,
- adopting completely unrealistic assumptions about the growth of GDP per capita in relation to GDP per capita in the entire European Union.

Omission of indicators that would accurately describe – even indirectly – the progress in solving key problems not only of rural areas and agriculture, but of the entire society seems to be worth noting. Such problems include stopping the degradation of the environment and adapting agricultural production methods to the requirements of the principles of sustainable growth, improving the quality of life in the countryside, objectively confirmed by hindering the outflow of inhabitants from agricultural areas, and finally – a significant improvement in the efficiency of rural farms and efficient re-training of a significant part of the owners of the smallest farms, along with providing them with employment outside agriculture.

Table 3. Selected indicators monitoring national strategies for rural areas and agriculture

| Table 3. Selected indicators monitoring national strate | <u> </u> | | | | |
|-------------------------------------------------------------|--------------|------|---------|--------|-------|
| Strategy/indicator | Unit of | | lementa | tion | Plan |
| <u> </u> | measurement | 2010 | 2015 | 2020 | 2030 |
| SZRWRiR | | | | | |
| Agricultural area maintained in good agricultural condition | million ha | 14.5 | 14.4 | 14.8 | 14.0 |
| At-risk-of-relative poverty rate in rural areas | % | 25.4 | 24.0 | 19.9 | 12.0 |
| Farms with 1-5 ha agricultural area in the total number of | | | | | |
| farms | % | 52.0 | 50.0 | 50.0 | 40.0 |
| Percentage of households within the reach of Internet | | | | | |
| access with a speed of at least 30 Mb/s (EAC) | % | | 60.7 | 76.2 | 100.0 |
| Percentage of the rural population using the water supply | | | | | |
| system | % | 75.1 | 84.6 | 85.6 | 95.0 |
| Total ecological lands | thousands ha | 51.0 | 51.8 | 55.2 | 60.0 |
| Number of the national economy entities in the REGON | | | | | |
| register per 1,000 inhabitants in rural areas | | 66.0 | 74 | 88.3 | 82.0 |
| Percentage of people aged 25-64 participating in education | | | | | |
| or training – according to LFS | % | 5.2 | 3.5 | 3.7 | 9.0 |
| Average area of agricultural land in a farm | ha | 9.8 | 10.3 | 11.1 | 17.0 |
| Average monthly income per capita from a private farm in | | | | | |
| agriculture in relation to income per capita from self- | | | | | |
| employment | % | 46.1 | 36.8 | 36.5 | 68.0 |
| SRD | | | | | |
| GDP per capita according to PPP (EU28 = 100) | % | 62 | 68 | 721) | 95 |
| Gini coefficient – an indicator of income distribution | % | 31.1 | 30.6 | 27.2 | 27.0 |
| The ratio of the average annual net disposable income per | | | | | |
| person in a rural household to an urban one | % | 66.5 | 69.5 | 78.3 | 75.0 |
| Households having Internet access with speed ≥100 Mb/s | % | | 5.5 | 28.32) | 100.0 |
| NSRD | | | | | |
| Share of investment expenditure in municipal budget | | | | | |
| expenditure | | | 17.0 | 14.1 | 3) |
| Share of investment expenditures in the expenditures of | | | | | |
| budgets of municipalities at risk of permanent | | | | | |
| marginalisation | % | | 15.0 | 15.5 | >15.5 |
| The number of foundations, associations and social | | | | | |
| organisations entered into the REGON register per 10,000 | | | | | |
| residents | | | 31 | 35 | >35 |

 $^{^{1)}}$ The value from 2019; $^{2)}$ The value of the indicator assumed in the SRD in 2020 – 50%; $^{3)}$ The target value for 2030 is based on" growth trend continuation"

Source: [System Monitorowania Rozwoju...].

In addition, some contradictions can be identified in the indicators described above. The indicators relating to the surface structure of farms can be given as examples. In the SRD, the only indicator relating to agriculture is the percentage of farms with an area of less than 5 ha, which should decrease from 51 to 40% by 2030. However, this indicator is inconsistent with the indicator concerning the average agricultural area of a farm. In order to achieve the values of the indicators adopted there (an increase from 10.3 ha in 2015 to 17 ha in 2030), the percentage of small farms – assuming that the total area of agricultural holdings is maintained at the level of 14-15 million hectares – should fall to approx. 30%.

It should also be noted that the above-described changes related to retirement and disposal of a farm may have a negative impact on the plans for the growth of the average area of a farm described in SZRWRiR and may cause an increase in agricultural land not used for agricultural production.

Support for agriculture and rural areas – practice and its effects

When we analyse the data in Table 1 from the perspective of using public aid for agriculture and rural areas, it turns out that almost 2/3 of all funds allocated to these purposes were used for income instruments, i.e. to such forms of support that obviously improve the income situation of farmers, but which have little impact on the course of real processes in agriculture and which significantly reduce the financial envelope for financing the development of the still very poor social and technical infrastructure of rural areas. Moreover, the possibility of obtaining significant income for agricultural households from public funds – only on account of owning agricultural land and paying small social insurance contributions for farmers – may be a factor hindering the reconstruction of the agrarian structure and changes in the mode of agricultural production 11.

Table 4. Public expenditures on agriculture and rural development in 2010-2021 according to the directions of their use

| Specification | 2010 | 2013 | 2018 | 2019 | 2020 | 2021 |
|----------------------------------|-------|-------|----------|---------|-------|-------|
| Specification | | | in total | l = 100 | | |
| TOTAL | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Income instruments | 63.0 | 58.3 | 64.7 | 67.0 | 61.4 | 63.4 |
| Direct payments | 28.0 | 26.9 | 29.5 | 29.7 | 27.3 | 28.7 |
| Subsidies for farmers' social | | | | | | |
| insurance | 34.9 | 31.3 | 35.3 | 37.3 | 34.0 | 34.7 |
| Other forms of support for rural | | | | | | |
| areas and agriculture | 32.8 | 37.0 | 29.9 | 27.5 | 33.5 | 30.8 |
| Administrative services for | | | | | | |
| agriculture | 4.2 | 4.8 | 5.4 | 5.5 | 5.2 | 5.8 |

^a No expenses financed with subsidies from the public budget.

Source: own calculations based on the data of the Ministry of Finance from the budget reports of local government Rb-28, Rb-27s and Rb-28-s [Sprawozdania budżetowe...].

We consider the structure of public expenditure presented above to be extremely unfavourable for achieving strategic goals for rural areas and agriculture.

As it results from the analysis of indicators of the development of agriculture and rural areas in strategies and other documents defining the medium and long-term policy of the state, the assessment of whether the adopted assumptions have been achieved or it is probable that they will be achieved by 2030 will not give a clear picture of the effectiveness of the use of public funds for the development of rural areas and agriculture. The assessment based on basic data illustrating the situation in the area of interest to us seems more reasonable.

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¹¹ A spectacular example is the case of an individual farmer widely described in the media, for whom farming on 15 hectares, which is only a secondary source of his income, brought an income of about PLN 5,000 in one year and PLN 25,000 subsidies from public funds.

Agricultural production

The data from Statistics Poland show that the added value measured in constant prices in section B¹² of the Polish Classification of Activities was lower in the entire period of 2013-2021 than in 2010. Even if we take into account the gradual increase in value added in the last two years and the area of farms, which has been decreasing for many years, it will be necessary to state that the public funds involved in supporting agriculture did not bring the effect in the form of higher agricultural efficiency.

Attention should also be paid to the clear variation of the dynamics of value added in section B of the Polish Classification of Activities, measured in constant and current prices. While the index in constant prices shows a negative deviation from the trends of changes in value added in other segments of the economy, it turns out that the value added in section B grew significantly faster than in the non-agricultural part of the economy. If we also add to this the high rate of increase in value added in trade, it becomes clear that the doubling of the added value in agriculture, just within 11 years, is entirely the result of price changes. It is also visible that this increase was the highest in 2021, when the value added in agriculture in current prices increased – in relation to the value added in 2020 – by 22%. An interesting issue – but beyond the scope of this article – is the analysis of the causes of such high growth and the distribution of its effects among individual links in the supply chain – from farmers to final consumers.

Table 5. Value added in the national economy and selected sections

| d '.c. '. | 2010 | 2013 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--------------------------------------------|-------|-------|-------|-------------------|------------|-------|-------|-------|
| Specification | | | 2010 | = 100, c | onstant p | rices | | |
| TOTAL | 100.0 | 107.5 | 119.4 | 125.0 | 131.6 | 137.7 | 134.7 | 142.2 |
| including: | | | | | | | | |
| agriculture, forestry, hunting and fishing | 100.0 | 97.6 | 91.3 | 92.1 | 83.7 | 83.0 | 94.5 | 96.3 |
| industry | 100.0 | 111.3 | 126.6 | 129.5 | 136.5 | 140.6 | 136.0 | 155.3 |
| construction | 100.0 | 103.3 | 110.9 | 118.1 | 132.0 | 131.6 | 121.3 | 122.9 |
| trade, motor vehicles repair | 100.0 | 99.8 | 109.4 | 115.6 | 121.6 | 127.3 | 122.7 | 130.1 |
| | | | 2010 | $0 = 100, \alpha$ | current pi | rices | | |
| TOTAL | 100.0 | 114.7 | 129.3 | 137.3 | 145.9 | 158.4 | 161.9 | 179.1 |
| including: | 100.0 | 123.1 | 114.4 | 138.3 | 120.0 | 128.5 | 140.8 | 148.5 |
| agriculture, forestry, hunting and fishing | 100.0 | 115.8 | 140.0 | 142.0 | 149.2 | 158.3 | 161.8 | 197.4 |
| industry | 100.0 | 100.6 | 107.9 | 115.2 | 132.7 | 140.1 | 136.8 | 141.8 |
| construction | 100.0 | 113.5 | 117.8 | 125.5 | 134.2 | 144.2 | 144.9 | 160.7 |
| trade, motor vehicles repair | 100.0 | 116.7 | 133.6 | 143.9 | 153.6 | 170.2 | 175.5 | 186.3 |
| other services | 100.0 | 114.7 | 129.3 | 137.3 | 145.9 | 158.4 | 161.9 | 179.1 |

Source: [Rachunki narodowe....].

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¹² This section includes agriculture, forestry, hunting and fishing, while agriculture has a dominant position in the entire section and determines trends in changes such as global production or value added.

The number of farms is systematically decreasing, which results – with the almost constant area of agricultural land – in a slight increase in the average area of agricultural land per farm. However, this growth is slow and still, almost 1/3 of all farms practically do not reveal any production for the market.

Table 6. Farms in Poland in 2010-2020

| Specification | 2010 | 2013 | 2016 | 2017 | 2018 | 2019 | 2020 | | |
|------------------------------|---------|---------|---------|----------|---------|---------|---------|--|--|
| Specification | | | | thousand | | | | | |
| Farms | 1,509.1 | 1,429.0 | 1.410,7 | 1,405.7 | 1,428.8 | 1,409.4 | 1,317.5 | | |
| | | ha | | | | | | | |
| Average area of | | | | | | | | | |
| a farm | 11.11 | 11.17 | 11.19 | 11.42 | 11.52 | 11.60 | 12.47 | | |
| including: agricultural area | 10.27 | 10.40 | 10.31 | 10.40 | 10.27 | 10.42 | 11.14 | | |
| forests | 0.75 | 0.70 | 0.63 | 0.66 | 0.66 | 0.57 | 0.73 | | |

Source: own study based on data from [GUS 2022].

Population

Since 2013, the population of Poland has been systematically decreasing, and the total decrease in the number of inhabitants amounts to over 371,000 people. The aggregate data show that the population decline affected both cities (here, the population decline was the largest) and rural municipalities; only the population of urban-rural municipalities increased, with the transformation of many rural into urban-rural municipalities playing the main role here, as well as the relocation of city dwellers to suburban areas.

Table 7. Changes in the population of Poland in 2013-2021

| Caracian discontinu | 2013 | 2015 | 2017 | 2019 | 2021 |
|----------------------------|---------|------------|-----------------|-------------|----------|
| Specification | | Population | change in relat | ion to 2012 | |
| TOTAL | -31,393 | -79,213 | -100,231 | -147,313 | -371,565 |
| Cities | -55,504 | -150,458 | -243,235 | -303,856 | -496,057 |
| in agglomerations | -34,860 | -67,200 | -98,884 | -119,869 | -230,002 |
| outside agglomerations | -20,644 | -83,258 | -144,351 | -183,987 | -266,055 |
| Urban-rural municipalities | -2,879 | 59,507 | 136,337 | 224,690 | 193,161 |
| in agglomerations | 11,937 | 31,617 | 93,476 | 118,035 | 139,550 |
| outside agglomerations | -14,816 | 27,890 | 42,861 | 106,655 | 53,611 |
| Rural municipalities | 26,990 | 11,738 | 6,667 | -68,147 | -68,669 |
| in agglomerations | 30,147 | 65,985 | 98,469 | 139,391 | 201,101 |
| outside agglomerations | -3,157 | -54,247 | -91,802 | -207,538 | -269,770 |
| In total | -31,393 | -79,213 | -100,231 | -147,313 | -371,565 |
| in agglomerations | 7,224 | 30,402 | 93,061 | 137,557 | 110,649 |
| outside agglomerations | -38,617 | -109,615 | -193,292 | -284,870 | -482,214 |

Source: own calculations based on the [Bank Danych Lokalnych].

The data showing the distribution of changes in the number of inhabitants in zones around cities with district rights (conventionally termed agglomerations here) and outside these zones is of particular interest. This data presents that the main direction of internal migrations is not the movement from cities to the countryside, but from areas away from larger cities to the outskirts of these cities. A large outflow of people from rural municipalities located outside agglomerations should be treated as a signal that in these municipalities, the living conditions are still not satisfactory.

Finance of local government units

Living conditions in rural areas largely depend on the ability of local government units to properly finance the performance of current tasks providing residents with access to public services and the ability to finance the necessary infrastructure investments.

The data presented below show that the financial situation of rural and urban-rural municipalities is still not good, and the own incomes of these municipalities significantly differ from the incomes obtained by urban municipalities. When analysing the income gap visible from the data in the table, it should be remembered that the ability to finance public tasks is also influenced by other factors, such as the higher cost of performing certain public tasks (including primarily educational tasks), as well as shortages in the equipment of a basic technical and social infrastructure, which often require very large expenditures. This increases the actual income gap, which is only partially reduced by the compensation income system, the effectiveness of which we evaluate negatively because:

- the compensation income system does not take into account the differentiation of the costs of performing various tasks, but only the level of tax revenues,
- due to the fact that the basic part of the general subsidy for municipalities is the so-called educational subsidy, the amount for compensation income is definitely too low in relation to the actual needs.

Table 8. Own revenue of municipalities per capita in 2009-2021

| Specification | 2009 | 2012 | 2015 | 2018 | 2019 | 2020 | 2021 |
|-----------------------------|-------------------------------|-------|-------|-------|-------|-------|-------|
| Specification | municipalities in total = 100 | | | | | | |
| TOTAL | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Cities with district rights | 159.0 | 154.9 | 154.2 | 152.5 | 148.0 | 140.7 | 145.8 |
| Cities | 90.8 | 88.7 | 86.6 | 89.8 | 89.7 | 89.2 | 89.3 |
| Urban-rural municipalities | 72.4 | 75.3 | 74.6 | 75.3 | 77.4 | 80.2 | 78.8 |
| in agglomerations | 99.7 | 96.3 | 95.0 | 96.6 | 100.0 | 101.9 | 100.9 |
| outside agglomerations | 67.7 | 71.6 | 70.9 | 71.3 | 73.1 | 76.0 | 74.5 |
| Rural municipalities | 57.7 | 63.2 | 65.4 | 65.4 | 69.0 | 75.3 | 70.9 |
| in agglomerations | 86.3 | 86.3 | 87.9 | 89.8 | 93.7 | 96.7 | 95.9 |
| outside agglomerations | 50.2 | 56.7 | 58.9 | 58.1 | 61.5 | 68.7 | 63.1 |

Source: own calculations based on reports on the implementation of the state budget and the budgets of local government units.

Similarly to the analysis of changes in the number of inhabitants, fundamental differences between municipalities in the vicinity of larger cities and outside this zone draw our attention. It is clearly visible that the border between, conventionally speaking, the "poor" and "rich" municipalities runs not along the city-village line, but between the "agglomeration" municipalities and the rest of the country. Unfortunately, it is not reflected neither in the formal regulations concerning local government finances, nor in the division of public funds between municipalities.

The differentiation in the situation of "agglomeration" municipalities and other municipalities is also visible in the data illustrating capital expenditure per capita in various groups of municipalities. A significant weakness of the local government finance system, as well as the procedures for managing public funds, is the fact that the municipalities with the greatest investment needs have the lowest funds for their implementation.

Table 9. Capital expenditure of municipalities per capita in 2009-2021

| Specification | 2009 | 2012 | 2015 | 2018 | 2019 | 2020 | 2021 |
|-----------------------------|---------|---------|---------|---------|---------|---------|---------|
| Specification | | | | PLN | | | |
| Total | 762,5 | 697,1 | 712,2 | 1.066,0 | 1.010,8 | 951,1 | 1.019,4 |
| Cities with district rights | 1.018,1 | 1.007,0 | 1.020,4 | 1.168,5 | 1.264,0 | 1.212,3 | 1.255,2 |
| Cities | 626,7 | 491,5 | 477,8 | 911,1 | 810,9 | 763,9 | 797,2 |
| Urban-rural municipalities | 618,2 | 542,8 | 542,4 | 970,5 | 836,8 | 783,3 | 885,4 |
| in agglomerations | 800,7 | 648,3 | 732,8 | 1.130,6 | 1.038,0 | 997,7 | 1.085,2 |
| outside agglomerations | 586,7 | 524,2 | 508,1 | 940,1 | 798,7 | 742,3 | 846,8 |
| Rural municipalities | 653,6 | 581,3 | 622,2 | 1.110,2 | 970,9 | 890,1 | 978,7 |
| in agglomerations | 808,5 | 656,9 | 770,2 | 1.332,1 | 1.209,3 | 1.067,4 | 1.084,3 |
| outside agglomerations | 612,5 | 560,4 | 579,6 | 1.044,3 | 899,1 | 835,8 | 945,9 |

Source: own calculations based on reports on the implementation of the state budget and the budgets of local government units

The need to improve the financial potential is also evidenced by the following data showing the results of eighth-grade exams from 2019 and 2022. And here, there is a clear difference between cities (especially larger ones) and rural municipalities. These municipalities receive, admittedly, slightly more funds from the so-called educational subsidy; however, the preferences for rural municipalities are definitely too small for not very affluent municipalities to finance schools at a level that ensures a level of education comparable to that in cities.

Table 10. Results in the eighth-grade examinations for Polish in 2019 and 2022

| | | 2019 | | 2022 | | | |
|-----------------------------|-----------------------|------|--------------|----------------|------|--------------|--|
| Type of municipality | number average result | | number of | average result | | | |
| Number of inhabitants | of students | [%] | Poland = 100 | students | [%] | Poland = 100 | |
| Total | 361,185 | 63.2 | 100.0 | 478,110 | 59.7 | 100.0 | |
| Village | 134,648 | 62.0 | 98.1 | 179,341 | 58.0 | 97.1 | |
| City up to 20,000. | 59,864 | 60.0 | 94.9 | 83,306 | 57.0 | 95.5 | |
| City from 20,000 to 100,000 | 70,581 | 63.0 | 99.7 | 97,174 | 60.0 | 100.5 | |
| City over 100,000. | 96,092 | 67.0 | 106.0 | 118,289 | 64.0 | 107.2 | |

Source: [CKE 2019, 2022].

It can be added that the gap between the results of exams in rural and urban schools is widening in the case of the results of maths and English exams.

Summary

The conducted analysis of the system of public support for agriculture and rural development leads to three main conclusions:

- a significant part of public funds that Poland spends for the above-mentioned goals does not bring the assumed effects neither in the form of effective (and thus leading to higher efficiency while maintaining the principles of sustainable development) support for agriculture, nor in the form of improving living conditions in agricultural areas,
- one of the main reasons for the current situation is the lack of coordination of activities to modernise agriculture, improve the agrarian structure, improve living conditions in rural areas and protect the environment,
- formally binding the system of national development management has ceased to play the role of an actual "road map" for the government's actions and allocation of public funds not only for purposes related to rural areas and agriculture.

The data presented above clearly indicate that the current structure of public support for agriculture and rural areas does not ensure their effective use aimed at solving the most crucial problems. Therefore, it seems necessary to significantly change the support objectives for the mentioned area so that public funds will be actually used for the adaptation of rural development and agriculture to the current challenges, related not only to current problems, but also, and above all, to the need to actively approach issues such as environment protection, stopping the climate catastrophe, fighting threats to the health condition of Polish people, and finally – equalising development opportunities and ensuring good living conditions for the inhabitants of all municipalities and regions.

Taking into account the amount of financial support offered by the Common Agricultural Policy (CAP) programmes, one should expect an increased link between national strategies and the EU strategies already implemented. Possible state interventionism in the food market is also striking – interventions shall concern supply chains, market competition and the development of sales markets.

We consider the structure of public expenditure presented above to be extremely unfavourable for the achievement of strategic goals for rural areas and agriculture. Income instruments are characterised by low selectivity, which means that a significant part of funds is given to such farms, which neither do not show any commercial production, nor is their production for the market very modest. This clearly limits the social and economic effects of using public funds, limiting the possibilities of carrying out actions preparing agriculture and rural areas for the necessary changes. The effect of these changes will be the need to create jobs in the countryside for people leaving agriculture and improve the efficiency of agricultural production, neutralising the effects of growing pro-ecological requirements — and these directions of public support should be given a clear priority.

For the assessment of the structure of expenditure shaped in this way, it is important that while programming the use of funds from the EU budget, the broadly understood development expenditures were deliberately limited, and the maximum amount, in the light of EU regulations, was allocated to income instruments and payments with a very wide range of recipients. This is proved in particular by the following facts:

- the possibility of shifting 30% of amounts from rural development financing to general-purpose payments was fully used,
- the possibility of limiting the subjective scope of direct payments was not used, as allowed by the Common Agricultural Policy, which means that a significant part of the subsidies goes as we have already indicated to farmers for whom the entitlement to subsidies results solely from the fact of having agricultural land in a registered farm,
- very mild conditions for obtaining the so-called payments for greening were introduced without proper monitoring of compliance with these conditions.

All of this has resulted in a significant reduction in both expenditures on supporting efficient, modern farms and on developing rural areas, which, despite many years of efforts, still have significant deficiencies in the infrastructure necessary to ensure good living conditions and to support agriculture. Without further elaborating on this topic, we would like to draw attention to the fact that a significant part of expenditure on rural development, including in particular expenditure on the activities referred to as revitalisation of villages in rural areas, was used for projects irrelevant from the perspective of real rural problems [NIK 2021]. The procedures for qualifying projects for co-financing from the EU funds were also used many times to spread the epidemic of "concreting" in Poland.

The current territorial scope of the RDP also raises questions. For most of the RDP infrastructure actions, eligible expenditure is the expenditure relating to entirely rural municipalities, rural areas in urban-rural municipalities and cities with less than 5,000 inhabitants, including urban municipalities with such a population. In our opinion, in order to increase the efficiency of RDP expenditures, it would be advisable, on the one hand, to exclude rural municipalities with high incomes from the possibility of obtaining RDP funds, especially such municipalities located on the outskirts of large cities, on the other hand — to increase the population limit in cities that are the seats of urban-rural municipalities which may receive funds from the RDP.

What is striking is the negligible amount of expenditure (but also relatively little interest in this form of assistance) on training and advisory actions. It is also worth noting that it completely omitted two important actions of this type, namely:

- training courses preparing to work outside agriculture,
- consumer and health education, which, in our opinion, is one of the most important factors determining the success of actions aimed at improving the quality of produced food and adapting the structure of agricultural production to "healthier" patterns of food consumption,

while in the latter issue, educational activities also require new legal solutions promoting healthy food.

The weaknesses mentioned above in the implementation of support for agriculture and rural areas, first of all, require in-depth consideration of the directions and forms of this support, including reconsidering the principles of direct payments [European Commission 2020]. It also seems necessary to strengthen the day-to-day control of both the procedures for granting public funds and their effective use.

A significant and growing part of expenditures on support for agriculture is allocated to the expenditures of institutions providing administrative services for agriculture and rural areas. It is justified, especially after the last reform of the agricultural administration, to postulate a thorough review of the competencies of individual institutions and the expenses incurred for their maintenance.

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Strategia wsparcia rozwoju obszarów wiejskich i rolnictwa – założenia i praktyka

STRESZCZENIE

Celem artykułu jest konfrontacja ustaleń dotyczących rozwoju rolnictwa i obszarów wiejskich zawartych w oficjalnych, rządowych dokumentach strategicznych, w tym – wskaźników realizacji celów strategii, z danymi obrazującymi faktyczną politykę państwa w tej sferze oraz efekty tej polityki. Dokonano analizy treści kluczowych dokumentów strategicznych, zanalizowano również odpowiednie dane GUS i Ministerstwa Finansów. W wyniku tej analizy stwierdzono, że: (1) z mierników realizacji celów wsparcia rolnictwa i obszarów wiejskich przyjętych w badanych strategiach nie można odczytać spójnej koncepcji polityki wobec wsi i rolnictwa; (2) wskazać można przykłady niezgodności ustaleń zawartych w różnych strategiach; (3)wsparcie publiczne skierowane zostało przede wszystkim na poprawę sytuacji dochodowej rolników, ze szkodą dla realizacji takich celów jak poprawa struktury agrarnej i wydajności gospodarstw rolnych, poprawa warunków życia na wsi oraz bardziej skuteczna ochrona środowiska.

Slowa kluczowe: polityki publiczne, wsparcie rolnictwa, polityki rozwoju, fundusze unijne, rozwój regionalny, finanse samorządowe