

EUROPEAN UNION INSTRUMENTS USED IN POLAND FOR SUPPORT OF INNOVATIONS IN A PRODUCTION OF FARMS

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The paper presents the instruments of European Union used in Poland for supporting the investments in farms and implementation of innovations in the production sphere. One of the instruments is Sectoral Operational Programme, which in the action entitled „Investments in farms” includes projects improving competitiveness of farms by the improvement of production quality, reduction of costs, improvement of animal welfare and projects implementing standards in the scope of veterinary, sanitary and environmental standards.

Introduction. Poland is a country in which agriculture pays a significant role in economy. Because of a large number of farms, which are relatively small in the area of arable lands, it is necessary to support changes, which improve their competitiveness in comparison to the whole European Union. One of the directions is the implementation of innovations in the production sphere. Because of the lack of farms financial funds, it is necessary to acquire the funds from EU sources, which became possible after the 1st May 2004, when Poland became a full member of the European Union. These funds were made available within the aid programmes functioning in years 2004 – 2006 and programmes planned for years 2007-2013. Therefore, the Agency for Restructuring and Modernisation of Agriculture (ARMA) has been established, which is an implementing and paying authority for individual aid actions. The actions it performs are mainly focused on farmers and countryside residents.

European Union aid programmes allow farmers to modernize their farms, improve working conditions and quality of produced food, as well as they allow for purchase of new machines and devices, which makes the farm technically better equipped. It is a big chance for farmers to develop their farm and it is also a huge chance for poorly developed regions.

Characteristic of European Union instruments supporting the functioning of farms.

Since 2004 in Poland a Single Area Payment Scheme (SAPS) has functioned. Thanks to it, it is possible to bring financial aid proportionally to the area of harvest, regardless of agricultural activity being performed. It also allows for an even distribution of funds, depending on the scale and type of production in the farm. Such system is used in all Member States, which supports agriculture by single area payments and according to plans it will be used till 2013 [internet1].

Direct payments comprise of two main ones, that is:

1) Single Area Payment, which is fully financed from the EU budget and is granted according to the area of land kept in good agriculture.

2) Supplementary payment, which is financed from national and common market and used in a form of payment according to the area of specified harvest plant.

Other payments in 2008 included: sugar payment, energy crops payment, transitional soft fruit payment, separate vegetable and fruit payment. [ARMA 2008, Drożdździela 2007, Internet1].

According to the EU requirements placed on Member States, a three-year Plan of Rural Development Programme 2004-2006, which contained actions supporting development sustainability of Polish agriculture and rural areas has been established. Two strategic aims were chosen in it, in order to improve the competitiveness of agricultural and food economy and sustainable development of rural areas. Priority of RDP 2004-2006 were social, economic and environmental (ecological) aspects [Drożdździela 2007].

RDP 2004-2006 included 9 actions, from which the following ones concern aid in production sphere:

1) Action 3 Supporting of agricultural activity on the unfavourable condition areas.

2) Action 4 Supporting of agricultural and environmental actions and improvement of animal welfare.

3) Action 6 Adaptation of farms to the European Union standards.

4) Action 7 Groups of producers.

Realization of actions started with the RDP 2007-2013 was suppose to increase the pace of farms development in Poland. Radical steps were made in order to resign from actions, which did not bring planned results on the development of Polish agriculture. The most important new actions influencing a dynamic development of Polish agriculture, started in 2008-2009 were: Modernization of farms and Aid in starting agricultural activity for new farmers. One of the most important supporting instruments in the scope of rural areas development is the Sectoral Operational Programme „Restructuring and modernization of food sector and development of rural areas”. The programme is meant for farmers, people performing agricultural activity and entrepreneurs performing activity in processing of selected agricultural goods. Within the Sectoral Operational Programme, the following actions are being performed:

1) Investments in farms.

2) Aid in starting agricultural activity for young farmers.

3) Diversification of agricultural activity in order to provide diversity of actions or alternative income sources.

4) Development and improvement of technical infrastructure connected with agriculture.

The budget of programme for years 2004-2006 was 1.784 billion euro, from which 1.193 billion euro from EU funds and 0.591 billion euro from national public funds. Within the actions implemented by ARMA, interested subjects have made 62 360 applications for a subsidy of 7 944.8 billion PLN, which is 142.2% of total funds limit. In vast majority, the applications were concerning the following actions: „Investments in farms” and „Aid in starting agricultural activity for young farmers”. For these actions, 48 071 applications were made on the 4 billion PLN. Till 30th June 2006, the Agency have signed 37 975 agreements for 4.49 billion

PLN, which constitutes 80% of financial limit. In that time, the Agency have made 23 218 payments in total of 1.59 billion PLN (23.8% of financial limit).

Action of Sectoral Operational Programme „Investments in farms” as instruments supporting innovation in production sphere.

The Sectoral Operational Programme in action entitled „Investments in farms” include projects causing improvement of farms competitiveness, by improving the quality of production, decrease of costs, improvement of animal welfare or intended for implementation in veterinary, sanitary and environmental conditions. Aid is given in a form of eligible (investment) costs reimbursement incurred on, among others [Biuletyn...]:

- 1) Construction, alteration or modernization of outbuildings.
- 2) Purchase or installation of machines and devices for agricultural production.
- 3) Purchase of agricultural lands and buildings for agricultural production.
- 4) Purchase of farm animals.
- 5) Investments for environment protection, improvement of animal welfare and improvement of hygiene standards of agricultural production.

The beneficiaries can be natural persons, performing agricultural activity or production in special departments of agricultural activity and legal persons, which statute aim is performing agricultural activity or in special departments of agricultural activity and which perform such activity.

The beneficiary can receive in total not more than 300 000 PLN and the level of aid are:

- 1) Up to 50% (for young farmers 55%) of investment costs.
- 2) Up to 60% (for young farmers 65%) of investment in case, when the farm is located on unfavourable condition areas.

The institution which is implementing these actions is the Agency for Restructuring and Modernisation of Agriculture (ARMA). In order to receive aid, one should first plan the investment in details, acquire all necessary permissions and attachments to the undertaking plan, fill the application form and file the application in the local branch of ARMA. If the application meets all necessary requirements, has all permissions, the Agency allows for the realization of the investment and monitored its course. After the completion of investment, the documentation of incurred costs is required, as well as presentation of information on performed works, and then filing an application for incurred cost reimbursement, to which all the invoices had to be attached. On this basis, the cost reimbursement takes place.

Use of funds from Sectoral Operational Programme „Investments in farms”. Application filing within the Action 1.1 („Investments in farms”) of the Sectoral Operational Programme was started on 16th August 2004 and finished on 31st March 2006 (in lubelskie and łódzkie voivodeships). The largest number of applications were filed in mazowieckie voivodeship (the number of applications was 4 770 for 456.4 million PLN) and the smallest number of applications (343) were filled in lubuskie voivodeship (54.6 million PLN) [Korowicka 2008].

The stages of application filing were finished in the first half of 2007, when the agreements with the beneficiaries were signed. The total amount of granted subsidy was 2 283.2 million PLN for 22 218 applications. The largest amounts from subsidies were given to wielkopolskie and mazowieckie voivodeships and the smallest amount on lubuskie voivodeship. The farms, which mainly work in dairy cattle breeding and cereal harvest, have realized nearly 44.8% of signed agreements [Korowicka 2008].

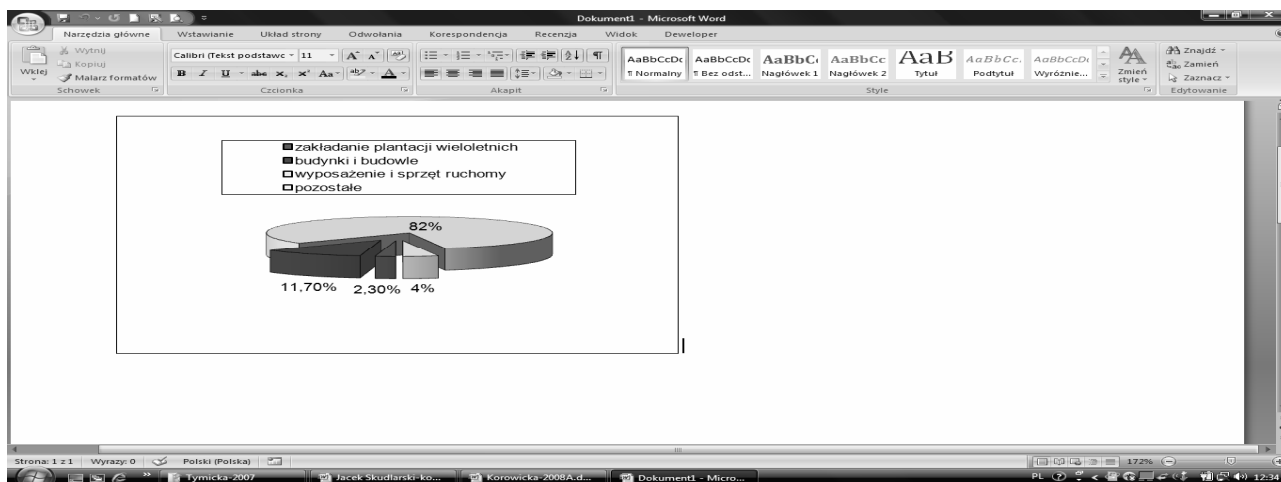


Fig. 1. Structure of costs in Action 1.1 (in %)

Source: AMRA data

- Perennial plantation establishment
- buildings and structures
- equipment and movable machines
- others

The majority of farms have met the criteria required for receiving of EU aid. Most of these criteria had to be met at the time of application filing for project funding, among others, having certain professional qualifications. The standard gross margin criterion of farms was estimated at a level of 4 ESU (European Size Unit – a standard gross margin of a farm; 1 ESU = 1200 EUR). Nearly 95% of farms have met this requirement. A large group of beneficiaries of Action 1.1., over 900 persons, were the owners of farms with standard gross margin of more than 100 ESU.

The largest average level subsidy per one investment project was in lubuskie and warmińsko-mazurskie voivodeships at 158 500 PLN, the smallest one in świętokrzyskie voivodeship at 66 600 PLN [Korowicka 2008].

The largest number of applications within the Action 1.1. concerned the cost reimbursement for purchase of movable machines, with over 82% of total share. The rest of the application concerned purchase of buildings, the smallest amount of applications concerned perennial plantation establishment.

Summary. Aid programmes for investments in farms allow implementing innovations in the production sphere; therefore, as noted, they were popular among farmers. However, the quality of signed agreements was very low and e.g. from the Sectoral Operational Programme in mazowieckie voivodeship, only 21.7% of total applications were realized. This was caused by bureaucratic requirements, lack of

necessary qualifications of the beneficiaries (too low education) as well as lack of adaptation of farm to the European Union standards.

The group of applicants within the Action 1.1. of Sectoral Operational Programme was observed to have the largest farm standard gross margin rate and high level of annual gross income from agricultural production. One can clearly observe benefits from the investments performed in given farms and will for their further development.

Literature:

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ШЛЯХИ ПІДВИЩЕННЯ КОНКУРЕНТОСПРОМОЖНОСТІ ВИРОБНИЦТВА ПРОДУКЦІЇ ТВАРИННИЦТВА В АГРАРНИХ ПІДПРИЄМСТВАХ

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У статті розглянуто сучасний стан та здійснена розробка можливих напрямів підвищення конкурентоспроможності виробництва продукції тваринництва в аграрних підприємствах України.

The article discusses the current state and development made possible directions for improving the competitiveness of livestock production in agricultural enterprises in Ukraine.

Постановка проблеми. Україна має сприятливі природно-кліматичні умови для виробництва сільськогосподарської продукції та зокрема для успішного ведення галузі тваринництва. Вирощування тварин та птиці завжди займало провідне місце в економічному потенціалі АПК України. Тваринницька продукція є однією з головних стратегічних товарів.

Підвищення конкурентоспроможності продукції тваринництва в сучасних умовах є вагомою і актуальною проблемою аграрної економіки усіх регіонів України. За останні роки суттєво зменшилися обсяги виробництва продукції тваринництва, зросла її собівартість, в більшості аграрних підприємствах ці галузі є здебільшого збитковими. Все це свідчить про важливу актуальність проблеми підвищення конкурентоспроможності виробництва продукції тваринництва у вітчизняних аграрних підприємствах.