SIGNIFICANCE OF CAP (COMMON AGRICULTURAL POLICY) INSTRUMENTS IN INTRAREGIONAL DIVERSIFICATION OF RURAL AREAS, ON THE EXAMPLE OF LOWER SILESIAN VOIVODESHIP

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Abstract. After 2004, agriculture and rural areas of Lower Silesian voivodeship were covered by financial support instruments within the frames of CAP. Direct payments played the basic significance, subsequently, the activity of RDP 2007-2013 and RDP 2004-2006, as well as SOP “Agriculture 2004-2006”. In the work there was applied the method of comparative analysis, taking into account spatial distribution of CAP instruments implementation in the districts and subregions. The most considerable support in Lower Silesian voivodeship was obtained by subregion of intensive agriculture, especially the inhabitants of rural areas of Wrocław district. Absorption of support means connected with particular sectors of the EU programs consolidates the leading functions of each subregion of Lower Silesia region, which result from environmental, economic and location conditions. The issue of concern has become significant diversity of financial support level counted per 1 ha of arable land and per one farm. In subregions and districts the support level is very low, it is especially important to combine the instruments of common agricultural policy and cohesion policy.

Key words: CAP support instruments, Lower Silesian voivodeship, subregions

INTRODUCTION

The consequence of integration of Poland with EU structures was covering of our country by the rules of Common Agricultural Policy. The European Union concept of
supporting agriculture and rural areas is based on two pillars. The first one (I pillar of the CAP) supports farms through the system of direct payments, as well as by market intervention, while the second pillar (II pillar of the CAP) provides for the development of rural areas. After EU membership, Polish agriculture has been covered by the system of direct payments. They have become a common instrument of income support in farms after 2004 [Kutkowska 2009 b, Kozera 2011, Nurzyńska 2012]. Using this instrument, 58% of financial resources within the frames of CAP were directed to Polish farms 2004-2010 [Kozera 2011]. Direct payments are regarded as an instrument of support characterising simple procedures, hence its common use in farms in Poland. This system covered over 88% of farms with the area of more than 1ha of arable land.

In 2004-2006 European Commission approved two programs supporting the development of Polish agriculture and rural areas. After 2006, continuation of these operational programs was 2007-2013 [Rozporządzenie Rady... 2005]. This program was the second important source of financial support, after direct payments, for not only farms, but also undertakings realized on rural areas apart from the farms. Within the frames of RDP 2007-2013, 24% (27.5 mld zloty) of cumulated value of financial support programs, including direct payments, had been directed to agricultural sector and to rural areas by 2011 [Wigier 2013, p. 26]. The research by [Zawalińska 2011] allows to evaluate the structure and special diversity of funds absorption within the frames of CAP. The biggest beneficiary of support, regarding direct payments and RDP, in 2004-2009 was Mazowieckie voivodeship, which obtained 14% of the total resources, a considerable share also belongs to Wielkopolskie (12.5%) and Lubelskie (9.3%). The lowest amounts supporting agriculture and rural areas within the frames of the above programs, were directed to Lubuskie (2.6%) and Silesian (2.2%) voivodeships. In all voivodeships, support for farms through the system of direct payments was a dominant one (from I pillar), although proportions between pillars differed in particular voivodeships. First of all because of diverse natural – economic conditions, as well as due to different activities on the side of farmers, aiming at obtaining financial means within the frames of proposed activities. Lower Silesian voivodeship, after Opolskie voivodeship, belongs to the voivodeships of the highest percentage share of financing within the frames of RDP, through direct payments. The instruments of the second pillar were, relatively, of the minor importance as compared to other voivodeships [Kozera 2011, Zawalińska 2011, p. 20, Tab. 1].

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1 According to Kozera, [2011, p. 121, Tab. 2], in the years 2004-2010 support for agricultural sector from EU resources ranged 102 billion zloty, out of which 59 billion zloty constituted direct payments. According to research results by Pocza [2011], 70% of total support funds reached farms and was allocated for production and modernization, 20% – for social purposes and 10% was designated for environmental purposes.

2 According to the data by AC 2010 the number of more than 1 ha of arable land farms amounted 1.559 m [Raport z wyników... 2012], according to the data by ARMA in 2010 campaign, direct payments were allotted to 1.373 m farms.

3 Rural Development Program 2004-2006 (RDP 2004-2006) [Program... 2005] and Sector Operational Program “Restructuring and Modernization of Food Sector and Rural Development Program”.

4 Council Regulation (EC) 1698/2005
AIM AND METHODS

The aim of elaboration is the assessment of financial support of agriculture and rural areas of Lower Silesian voivodeship, within the frames of CAP, from the point of view of leading functions, characteristic for particular subregions of Lower Silesia. The elaboration presented analysis of implementation of direct payments, RDP instruments, selected activities of SOP “Agriculture” in particular districts and subregions of Lower Silesia. The source materials were documents of Local Branch of ARMA in Wroclaw and the data by Statistical Office in Wroclaw. In the work there was applied the method of comparative analysis, taking into account spatial distribution of particular CAP instruments implementation in the districts and subregions of Lower Silesian voivodeship.

RURAL AREAS OF LOWER SILESIAN VIVODESHP

More than 90% of Lower Silesian voivodeship area is occupied by rural areas. The latter ones are highly diversified, as far as environmental – economic conditions are concerned. In “Development Strategy of Agriculture and Rural Areas of Lower Silesian Voivodeship” [Studia... 2001], the voivodeship was divided into five functional regions of rural areas, called subregions:

- Subregion I – of intensive farming, characterizing excellent soil – climatic conditions for agricultural production. This subregion provides for 43% of agricultural acreage [Bank..., access: 05.2013].
- Subregion II – Agriculture – recreational, covering the area of „Dolina Baryczy” landscape park. It includes 16% of agricultural acreage of the region.
- Subregion III – Industry-tourism-recreation, connected with the areas of The Sudetes and Sudetic Foreland, featuring unfavourable conditions for agricultural production. This subregion includes 14% of agricultural acreage.
- Subregion IV – agriculture-industry features relatively good environmental – economic conditions for the development of agriculture. It covers the area affected by copper industry. Agricultural acreage ranges 14% of voivodeship area.
- Subregion V – agriculture-industry-recreation, featuring medium-advantageous conditions for agricultural production. The subregion comprises 13% of agricultural acreage.

INTRAREGIONAL DIVERSIFICATION OF RURAL AREAS SUPPORT WITHIN THE FRAMES OF CAP IN LOWER SILESIAN VOIODESHIP

The flow of funds connected with CAP realisation also went to Lower Silesian agriculture. The support obtained from EU budget from 2004-2009 regarding direct payments amounted approximately 6.4% [Zawalińska 2011] of national financial support and it is proportional to the share of voivodeship agricultural acreage in the scale of the whole country\(^5\), while RDP activity ranged 4% of national funds [Wstępna analiza...\(^5\)

\(^5\) According to AC, percentage share of arable land in Lower Silesia amounts 6,2% of this area in Poland [Raport z wyników... 2012]
Till the end of September 2010, through this institution, there was directed to agricultural sector nearly 5 bln PLN. About 70% of this sum belonged to direct payments, 17% RDP 2007-2013, 8% RDP 2004-2006 and 5% SOP “Agriculture”. Therefore, basic stream of financing farms flows in a relatively easily available form, which does not require any financial contribution or complicate procedures (direct payments). Fifty seven thousand of Lower Silesian farms were allocated support in 2010, which constitutes 90% of farms with the area over 1ha and 95% of farms with the area over 1ha running agricultural production [Raport z wyników... 2012] Nearly a half of financial support directed to Lower Silesian voivodeship, within the frames of CAP and including 54% of direct payments, reached subregion I – intensive farming, enhancing dominant agricultural function of that area (Table 1). The system of direct payments existing in Poland is advantageous for the farms focused on market plant production [Krasowicz 2009].

Table 1. Use of support within the frames of RDP in the years 2004-2009, according to subregions of Lower Silesian voivodeship (voivodeship = 100%)

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<tr>
<td>Direct payments in 2004-2009</td>
<td>53.6</td>
<td>13.4</td>
<td>9.8</td>
<td>13.1</td>
<td>10.1</td>
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<tr>
<td>Dopłaty bezpośrednie w latach 2004-2009</td>
<td>30.0</td>
<td>20.0</td>
<td>24.0</td>
<td>14.0</td>
<td>12.0</td>
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<tr>
<td>RDP 2004-2006 PROW 2004-2006</td>
<td>53.4</td>
<td>16.8</td>
<td>9.0</td>
<td>12.6</td>
<td>8.2</td>
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<tr>
<td>SOP “Agriculture 2004-2006” SPO „Rolnictwo 2004-2006”</td>
<td>41.6</td>
<td>15.9</td>
<td>17.5</td>
<td>15.6</td>
<td>9.4</td>
</tr>
<tr>
<td>RDP 2007-2013 PROW 2007-2013</td>
<td>49.0</td>
<td>15.0</td>
<td>12.5</td>
<td>13.5</td>
<td>10.0</td>
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<td>Total subsidies within the frames of CAP</td>
<td>Ogółem dofinansowanie w ramach WPR</td>
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Source: elaboration by the author on the basis of ARMA-LB in Wrocław (30th September 2010).

6 Information about made payments within the frames of direct payments, SPO activities Restructuring..., SAPARD activities, RDP 2004-2006 and 2007-2013, in the Regional Branch of ARMA according to the data on 30th September.

7 According to Management Information System of ARMA – the data on 20 February 2013.
The lowest funds came to farms from subregion III- Sudecki and subregion V covering western areas of Lower Silesian voivodeship. Subregion I was supported with direct payments funds to a higher degree than it results from its share in agricultural acreage in voivodeship. It was done at the expense of subregion III and V and it is worth mentioning that, if in Sudecki subregion agricultural activity is an outgoing function in relation to considerable role of rural areas of recreation – tourism function.

Analysing subsidies for Lower Silesian farms and villages within the frames of RDP 2004-2006 in intraregional terms, it is possible to notice considerable differences between rural areas localized in particular subregions. In subregion I – intensive agriculture – there were used 30% of total RDP funds, including 50% of voivodeship support from early retirement program, as well as 45% of financial support for semi–subsistence farms. Another subregion of the highest percentage of RDP 2004 – 2006 funds use was subregion III – Sudecki (24% of voivodeship resources), which resulted from large – range areas featuring LFA conditions and popularity of agro – environmental programs.

In subregion II – agriculture-recreation, where 20% of total RDP funds was used, the most important proved to be support for the areas of agriculturally unfavourable conditions, mainly due to very poor soils. Subregion V used the smallest amount of funds, merely 12% of total support funds.

The biggest beneficiaries of SOP “Agriculture” in 2004-2006 in voivodeship were the dwellers of subregion I, to whom there were directed 53% of voivodeship support (Table 1). Participation of rural areas inhabitants of subregion V occurred to be of the lowest degree. The support involving activities connected with modernization was provided to subregion I, featuring intensive agriculture. In subregion II funds use percentage from activities “development of technical infrastructure” was slightly higher, while in subregion III, covering the areas of The Sudetes, agro-touristy farmholds benefited from funds promoting development, within the frames of activities supporting income sources, alternative in relation to agriculture.

In a new period of programming, in RDP 2007-2013, as a result of combining activities RDP 2004-2006 and agricultural SOP, distribution of support funds between subregions is slightly different (Table 1). Subregion I – intensive agriculture still dominates as the main user of financial support, similarly to allocations in previous years. Subregions: II – agriculture-recreation and III – recreation-tourism were mainly supported by the program “supporting LFA areas” and by introduction of agriculture-environmental programs to the farms. It was decided on the basis of the fact that LFA areas are, generally, large in those subregions and also large areas of permanent green areas covered by agriculture-environmental packages. These instruments enable continuous use of agricultural land, in those unfavourable natural conditions, in order to preserve tourism and landscape functions. In subregion IV, relatively highest amount of financial means were used for afforestation programs. The lowest share in the use of RDP activity featured the areas covered by subregion V, where the main form of support is the program of supporting LFA areas.

Intraregional diversification is also noticeable in cumulated value of CAP financial support from 2004-2010, counted per 1 ha of arable land (Fig. 1). This value ranges, according to districts, from 2511 to 5650 PLN. The highest funds received the farmers and the inhabitants of Wroclawski and Olawski districts (subregion I), slightly lower amounts, within the range of 4075-4629 PLN per 1 ha of arable land were paid to beneficiaries from the following districts: Milicki (subregion II), Strzeliński, Świdnicki...
Fig. 1. Cumulated value of financial support 2004-2010 counted per 1 ha of arable land, with funds directed through ARMA, within the frames of SAPARD, SOP 2004-2006, RDP 2007-2013 and direct payments, according to the districts of Lower Silesian voivodeship. Source: Elaboration by the author on the basis of ARMA-LB. in Wroclaw (30th. September 2010).


(subregion I), Jeleniogórski and Kamiennogórski (subregion III). Diversification of the discussed subsidies is quite significant, as the lowest subsidy per 1ha, within the frames of CAP, in the scale of Lower Silesian voivodeship, ranging from 2500 to 3500 PLN, was obtained by farmers and rural areas inhabitants living in nearly the half of this region districts. The level of aid for agricultural sector and rural areas, within the frames of CAP also depends on the number of farmholds formally entitled to the subsidy in question.
Considering the size of the resulting support counted over one farmhold of more than 1 ha area of arable land, it is possible to notice significant intraregional diversification. The highest sums of financial support per 1 farm, more than 69.9 thousand PLN, was granted to farmers from two districts, namely from Wrocławski district (subregion I) and Głogowski district (subregion IV), which results from the obtained amount of support (Wrocławski district) and small number of farmholds (Głogowski district). Average subsidy in the highest number of Lower Silesian districts ranged from 38 to 46 thousand PLN per one farm (Fig. 2). As many as 30% of districts obtained the lowest

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**Fig. 2.** Cumulated value of financial support, counted per 1 ha of arable land, directed through ARMA, within the frames of SAPARD, RDP 2004-2006, SOP 2004-2006, RDP 2007-2013 and direct payments according to the districts of Lower Silesian voivodeship. Source: Elaboration by the author on the basis of ARMA-LB in Wrocław (30th September 2010).

**Rys. 2.** Skumulowana wartość wsparcia finansowego z lat 2004-2010 w przeliczeniu na jedno gospodarstwo rolne o powierzchni > 1 ha.

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Borders of functional regions:
- I Intensive agriculture
- II Agriculture-recreation
- III Recreation-tourism
- IV Agriculture-industry
- V Agriculture-industry-recreation

Granice regionów funkcjonalnych:
- I intensywnego rolnictwa
- II Rolniczo-rekreacyjny
- III Rekreacyjno-turystyczny
- IV Rolniczo-industry
- V Rolniczo-industry-rekreacyjny

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*Significance of CAP (Common Agricultural Policy) instruments* ...
level of subsidies, counted over one farmhold, which refers to border area districts from subregions V and III, as well as the following districts: Polkowicki (subregion IV), Trzebnicki (subregion II) and Oleśnicki (subregion I).

Analysis of the data presented above points to the fact that there are considerable disproportions between the levels of supporting agriculture within the frames of RDP, in relation to 1 ha of agricultural land and to 1 farm. Majority of financial means is accumulated in the districts of agricultural regions. The remaining subregions are supported at significantly lower level with the instruments supporting non-agricultural functions of rural areas. Also other researchers point out diversified absorption of the EU support funds in particular regions of the country [Satola 2009, Bułkowska 2011, Kozera 2011, Pietrzykowski and Wicki 2011]. The factors conditioning absorption of these funds are believed to be not dependent on beneficiaries, i.e. of environmental, economic, historic, urban, as well as social nature, including institutional development of the region [Kozera 2011, p. 122]. The level of use of financial support also depends on beneficiaries themselves – their decisions, activity and cooperation skills.

**SUMMARY**

In dolnośląskie voivodeship similarly to the whole country the basic meaning in supporting of agricultural incomes had direct payments. Majority of direct payments funds was used by subregion I, where agricultural function was a dominant one. Also support from EU programs (RDP and SOP) reached, first of all, rural areas of subregion I. An important role, regarding support of agricultural sector and rural areas was played by instruments of modernization character like: “investment in farmholds”, “setting up young farmers”, improvement of food processing and marketing of agricultural products” as well as “early retirement”. Subregion II – agriculture-recreation was mainly supported by such activities as “financial support for farms localized on LFA”, and “agro–environmental programs”. Due to this targeting, there has been maintained agricultural function of the areas featuring high natural values, advantageous for the development of rural tourism and recreation.

Subregion III – covering the Sudetic areas, dominated in making use of funds granted for agro–environmental programs, support for agriculturally unfavourable areas, as well as in targeting fundraising activities for alternative sources of farmholds income. This form of support was widely used by agro-touristy farm holders, which contributed to maintaining tourism – recreation function of rural areas.

In subregion IV, affected by copper industry, aforestation programs were of the highest importance. Border subregion V, characterising the lowest level of EU support, obtained subsidies, first of all, from the fact that LFA were located there.

Assessing the results of the analyses described above, it is possible to state that if spatial distribution of particular instruments within the frames of CAP, which featured high diversification, can be considered as advantageous one from the point of view of maintaining leading functions by each investigated subregion, allocation of support level, counted per 1 ha of arable land per one farmhold of the area larger than 1ha of arable land, reflects enormous disproportions according to subregions and districts. This situation makes it necessary to combine financing rural areas by instruments belonging
Significance of CAP (Common Agricultural Policy) instruments to two EU policies – Common Agricultural Policy and coherent policy, especially in the regions of the lowest levels of support obtained within the frames of CAP. Rowiński [2009] stresses that RDP 2007-2013 is the broadest, but not the only program co-financing the projects realised in rural areas. Four central operational programs\(^8\) and 16 regional programs, proposed within the frames of the EU coherent policy, it is embedded the possibility of co-financing the projects realized in rural areas and part of them is reserved for support of rural areas. Research by Grochowska and Hardt [2009] prove that 23% of resources connected with four central operational programs were directed to the activities which directly influence on rural areas. Within the frames of 16 regional programs, as much as 685 of financial means was directed to co-financing programs which will directly, as well as in a considerable indirect way, affect on rural areas [Grochowska and Hardt 2009]. Unfortunately, Lower Silesian voivodeship does not belong to the group of voivodeships characterizing the highest concentration of resources from structural funds in rural areas [Zawalińska 2011]. The local government of the analyzed voivodeship, in strategic documents and operational programs elaborated for the needs of future programming period, should predict the possibilities of co-financing the projects involving Lower Silesian from structural funds. The purpose of the mentioned co-financing would be potential minimization of disparities in the levels of the EU support, as well as prevention of marginalization from structural funds. The purpose of the RPO 2014-2020 should include the activities allowing to co-finance the projects dealing with encouraging entrepreneurship connected with tourism and recreation, small industry based on the use of local raw materials, realization of “green investments” and other undertakings dealing with environmental protection conducted on rural areas of high landscape values, as well as the projects involving transport facilitating accessibility of peripheral areas.

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8 PO: Infrastructure and Environment, Human Resources, Innovative Management, Development of Eastern Poland


**ZNACZENIE INSTRUMENTÓW WPR W WEWNĄTRZREGIONALNYM RÓŻNICOWaniu SIĘ FUNKCJI OBSZARÓW WIEJSKICH NA PRZYKŁADZIE WOJEwÓDZTWA DOLNOŚLĄSKIEGO**

**Streszczenie.** Po 2004 roku rolnictwo i obszary wiejskie województwa dolnośląskiego zostały objęte instrumentami wsparcia w ramach WPR. Podstawowe znaczenie, ze względu na skalę wykorzystania i wpływ na dochody rolnicze, miały płatności bezpośrednie, w dalszej kolejności działania PROW-u 2007-2013 i PROW-u 2004-2006 oraz SPO „ Rolnictwo 2004-2006”. Wykorzystując metodę analizy porównawczej oceniono poziom wykorzystania środków finansowych w powiatach i subregionach. Największe wsparcie w województwie dolnośląskim uzyskał subregion intensywnego rolnictwa, a zwłaszcza mieszkańcy obszarów wiejskich powiatu wrocławskiego. Absorpcja środków wsparcia związanych z poszczególnymi działaniami programów unijnych utrzymała funkcje wiodące poszczególnych subregionów regionu dolnośląskiego wynikające z uwarunkowań przy-
rodniczych, ekonomicznych i lokalizacyjnych. Niepokojącym zjawiskiem jest znaczne zróżnicowanie poziomu wsparcia finansowego w przeliczeniu na 1 ha użytków rolnych i na jedno gospodarstwo. W subregionach i powiatach, gdzie poziom wsparcia jest bardzo niski, szczególnie istotne jest łączenie instrumentów wspólnej polityki rolnej i polityki społecznej.

Słowa kluczowe: instrumenty wsparcia WPR, województwo dolnośląskie, subregiony

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