



Implementation of the CAP in previous period and the readiness in the future period 2023-2027 in Poland

Dr hab. Renata Przygodzka, associate professor
University of Białystok

Agenda

- Period 2004-2006
- Period 2007-2013
- Period 2014-2020
- Summary of the implementation of the CAP in 2004-2020 in Poland
- National Strategic Plan of the CAP for the years 2023-2027 (version 4.0) - a draft adopted by the Council of Ministers and submitted to the European Commission
- Comments on the Strategic Plan in the context of the current geopolitical and economic situation

Poland – some facts

https://ec.europa.eu/info/sites/default/files/food-farming-fisheries/farming/documents/agri-statistical-factsheet-pl_en.pdf

Period 2004-2006

- In the years 2004-2006, the directions of support for agriculture and rural areas were determined by two program documents:
 - 1) Sectoral Operational Program "Restructuring and Modernization of the Food Sector and Rural Development 2004-2006" (SOP Agriculture). This program was implemented on the basis of funds from the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF).
 - 2) The Rural Development Program 2004-2006 financed by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund, as well as from the national budget.

SOP Agriculture 2004-2006

Priorities:

- Priority 1. Supporting changes and adjustments in the agri-food sector
- Priority 2. Sustainable development of rural areas
- Priority 3. Technical assistance

Total budget: EUR 1.78 billion (EUR 1.19 billion from EU)

RDP 2004-2006

Priorities:

Priority 1.1 Increasing the economic efficiency of farms

Priority 2.1 Equalizing opportunities for rural development

Priority 2.2 Protection of the environment and preservation of the natural values of rural areas

Priority 2.3 Increasing forest cover in the country

Total budget: EUR 3.59 billion (EUR 2.86 billion from EU)

RDP 2007-2013

- Rural Development Program for 2007–2013 (RDP 2007–2013) was an instrument of European Union policy implementation and the largest aid program for rural areas, financed under the second pillar of the CAP.
- Among the EU countries, Poland had the largest allocation from the European Agricultural Fund for Rural Development (EAFRD) (EUR 13.4 billion) for the implementation of measures covered by RDP 2007–2013. These funds were supplemented with a contribution from the national budget, which amounted to EUR 4 billion.

- RDP 2007-2013 measures were implemented under 4 strategic priority axes:
 - Axis 1. Improving the competitiveness of the agricultural and forestry sector;
 - Axis 2. Improvement of the natural environment and rural areas;–
 - Axis 3. Quality of life in rural areas and diversification of the rural economy;
 - Axis 4. LEADER;
 - Technical Support.

RDP 2014-2020

- The Rural Development Program for 2014-2020 (RDP 2014-2020) was developed on the basis of European Union regulations.
- In accordance with the regulations of the EU, the Program is integrated into the overall system of the country's development policy, in particular through the mechanism of the Partnership Agreement.
- This agreement sets out a strategy for the use of EU funds to achieve the common EU objectives set out in the EU growth strategy "Europe 2020 - Strategy for smart, sustainable and inclusive growth", taking into account the development needs of a given Member State.

The program will implement all six priorities set for the EU's rural development policy for 2014-2020, namely:

1. Facilitate knowledge transfer and innovation in agriculture, forestry and rural areas.
2. Improving the competitiveness of all types of farming and increasing the viability of farms.
3. Improving the organization of the food chain and promoting risk management in agriculture.
4. Restoring, protecting and enhancing ecosystems dependent on agriculture and forestry.
5. Supporting resource efficiency and the transition to a low-carbon and climate resilient economy in the agriculture, food and forestry sectors.
6. Increasing social inclusion, reducing poverty and promoting economic development in rural areas.

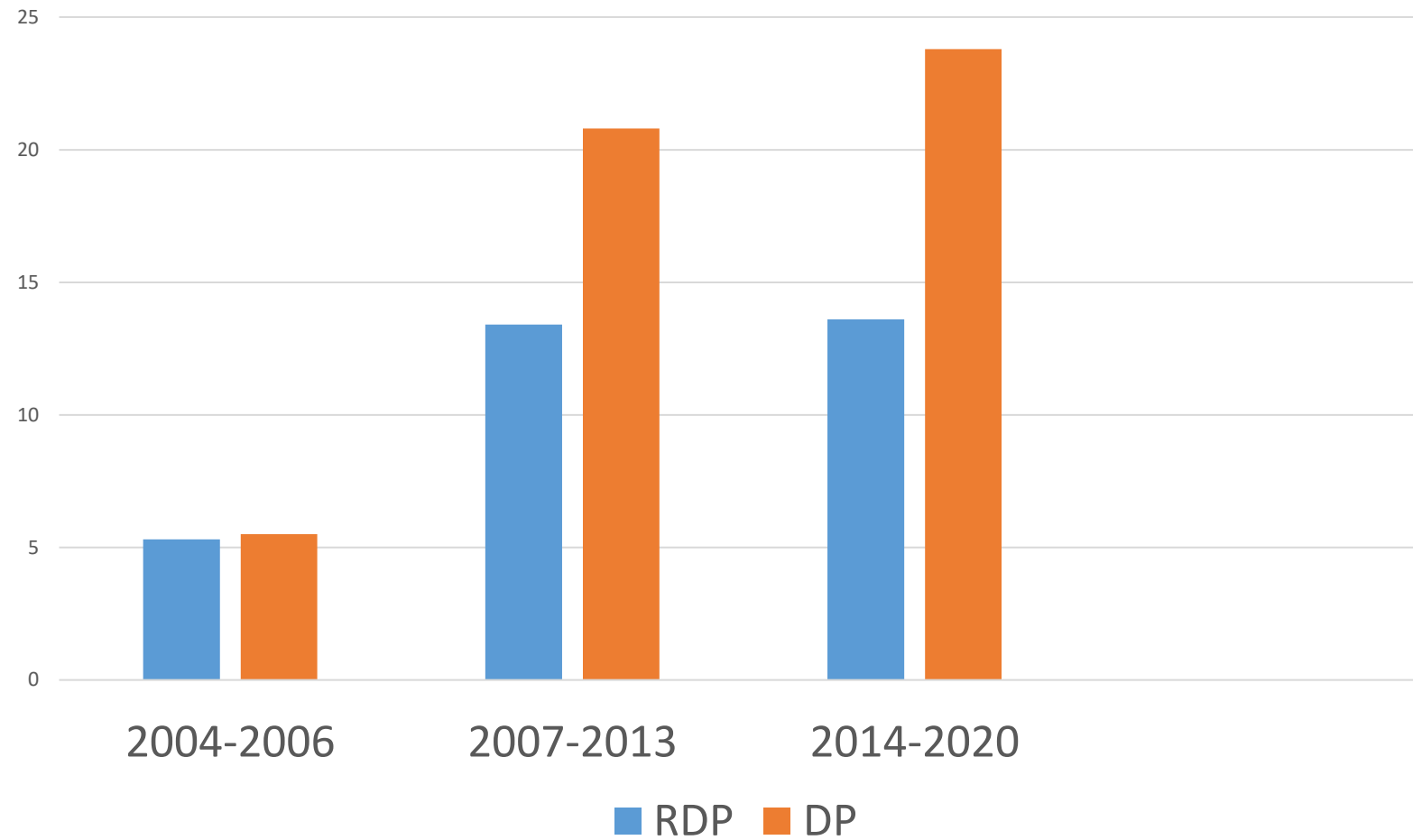
- The initial budget of the Program is EUR 13.61 billion including: EUR 8.69 billion from the EU budget (EAFRD) and EUR 4.91 billion from the national contribution.
- For the implementation of RDP 2014-2020, Poland received additional funds for the years 2021 and 2022 to be used on the terms set out in Regulation 1305/2013 (introduction of a transitional period).

- The RDP 2014-2020 budget has been increased by over EUR 4.5 billion, including:
 - EUR 3.5 billion of public funds due to the introduction of the transitional period (of which EUR 2.28 billion is EAFRD and EUR 1.31 billion national co-financing);
 - EUR 0.94 billion of funds from the European Reconstruction Facility (support does not require national co-financing, as these funds concern support for digital and environmental transformation of agriculture and rural areas). The implementation of RDP 2014-2020 was extended by another two years, which means that in 2021 and 2022, further calls for proposals for support will be carried out.

Summary of the implementation of the CAP in 2004-2020 in Poland

- Poland is one of the biggest beneficiaries of the Common Agricultural Policy funds
- Polish agriculture and farmers are the biggest beneficiaries of EU structural funds
- Between 2004-2020, this sector received over EUR 80 billion, of which EUR 48.2 billion in the form of direct payments

CAP's budget in Poland (EUR billion)



Source: own study

Table 1. The classification of measures of the CAP's structural programs in the years 2004-2020 according to the priorities of the RDP 2014-2020

SOP Agriculture	RDP		
	2004-2006	2007-2013	2014-2020
Priority 1 of RDP 2014-2020 „Fostering knowledge transfer and innovation in agriculture, forestry, and rural areas”			
Training; Agricultural advisory		Training for persons employed in agriculture and forestry Use of advisory services Information and promotion activities	Knowledge transfer and information actions Advisory services, farm management and farm relief services Co-operation
Priority 2 of RDP 2014-2020 “Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests”			
Investment in agricultural holdings Setting up of young farmers Land consolidation Development and improvement of infrastructure related to agriculture	Early retirement Supporting semi-subsistence farms Adjustment of agricultural holdings to EU standards	Setting up of young farmers Early retirement Modernisation of agricultural holdings Improving and developing infrastructure related to the development and adaptation of agriculture and forestry Adding value to agricultural and forestry products Semi-subsistence farming	Investments in physical assets Farm and business development Investments in forest area development and improvement of the viability of forests Early retirement
Priority 3 of RDP 2014-2020 “Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture”			
Improving processing and marketing of agricultural products	Producer groups	Participation of farmers in food quality schemes Producer groups	Quality schemes for agricultural products, and foodstuffs Setting -up of producer groups and organisations
Priority 4 of RDP 2014-2020 „Restoring, preserving and enhancing ecosystems related to agriculture and forestry”			
Priority 5 of RDP 2014-2020 „Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors”			
Restoring agricultural production potential damaged by natural disasters or fire and introduction of appropriate prevention actions Agricultural water resources management	Supporting agricultural activity in areas with handicaps Agri-environment and animal welfare Forestry	Natural handicap payments in mountain areas and payments in other areas with handicaps Agri-environment payments Afforestation of agricultural and non-agricultural land Restoring forestry potential and introducing prevention actions Restoring agricultural production potential damaged by natural disasters and introduction of appropriate prevention actions	Agri-environment-climate Organic farming Payments to areas facing natural or other specific constraints Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions
Priority 6 of RDP 2014-2020 „Promoting social inclusion, poverty reduction and economic development in rural areas”			
Village renewal, preservation and protection of cultural heritage Diversification of agricultural activities in order to provide multiple activities or alternative sources of income LEADER+		Diversification into non-agricultural activities Creation and development of micro-enterprises Basic services for the economy and rural population Village renewal and development Implementing local development strategies Implementing cooperation projects Local action group, skills acquisition and animation	Basic services and village renewal in rural areas Support for leader development

Table 2. The structure of the use of funds from rural development programs in Poland in 2004-2020 according to the priorities of the RDP 2014-2020 in %

Specification	(P1) Knowledge transfer and innovation	(P2) Competitiveness of agriculture	(P3) Food chain organisation	(P4, P5) Ecosystems, resource efficiency	(P6) Social inclusion	Total
<i>Total 2004- 2006, including:</i>	1,4	52,6	10,4	31,0	4,6	100,0
<i>SOP Agriculture</i>	3,6	50,1	26,3	8,1	11,9	100,0
<i>RDP 2004-2006</i>	0,0	54,2	0,2	45,6	0,0	100,0
<i>RDP 2007-2013</i>	0,4	46,5	1,3	33,8	18,0	100,0
<i>RDP 2014-2020</i>	1,4	48,1	6,4	30,4	13,6	100,0
<i>Razem/ Total</i>	0,9	47,9	4,5	32,1	14,6	100,0

Source: P. Beba, W. Poczta, E. Kiryluk-Dryjska, Evolution of directions of support for agriculture and rural areas in Poland by CAP's structural funds, Roczniki Naukowe SERiA, 2016, tom XVIII, zeszyt 5, s. 15

- The most common type of support for agriculture in Poland are direct payments
- About 1.4 million farmers apply for them every year
- The value of subsidies received by farmers in the 2004-2020 period was steadily increasing from approx. EUR 1.33 billion to EUR 3.33 billion per year.
- Per farm it reaches on average approx. EUR 2,450 and 92% of farms with an area of more than 1 ha receive this form of public support

- An equally important source of income (independent of production and dependent only on farm's location) are payments for conducting agricultural activity on unfavourable areas (LFA). Approximately 700,000 farmers, i.e. half of those receiving direct payments, receives these subsidies as well. The area of land covered by the LFA payments is approx. 6.9 million ha.

- Direct support causes many, often contradictory, effects on farms and in their environment:
 - On the one hand, direct payments lead to an increase in farm income, their stability and encourage the enlargement of farms
 - On the other hand, their impact on structural changes in agriculture is limited because land availability (especially of a relatively good quality) is limited, they directly contribute to an increase in land prices, acting as a reliable source of income (especially for smaller farms), partially supporting the existing agrarian structure

Results

- Accession to the EU meant a significant change in the legal and economic conditions of functioning for Polish agriculture.
- The balance of the presence of Polish agriculture and rural areas in the EU is definitely favorable.
- Since 2004, the positive trade balance in agri-food products has been growing. Poland is the main producer of poultry, fruits and mushrooms in the European Union. Currently, 80% of beef, 45% of poultry and 30% of dairy products is exported from Poland.
- In 2018, the value of exports of agri-food products amounted to almost EUR 30 billion. Compared to 2004, it means a six-fold increase in the value of food sales abroad

- The development of exports was possible, among others, because of the modernization of farms and the modernization of agri-food processing with the use of EU funds.
- Modernization and restructuring processes, export successes, as well as direct payments had a positive impact on the level of income in agriculture. - In the period 2004–2018, the income per full-time farmer doubled

National Strategic Plan of the CAP for the years 2023-2027 (version 4.0)

- On December 22, 2021, the CAP draft was formally submitted to the European Commission for approval.
- It is assumed that in the second half of 2022, the project will be approved by the European Commission, and its implementation will begin in 2023.

Main assumptions of the NSP¹

- The Polish Strategic Plan of the Common Agricultural Policy will support sustainable development of farms, the processing sector and improvement of living and working conditions in small rural areas.
- The NSP will support sustainable, climate and environmentally friendly farming methods that protect water, soil and air, and biodiversity as well.
- It will encourage sustainable energy production and use.
- Economic diversity will be enhanced, including the bioeconomy.
- Scientific and innovative solutions, including digital solutions, will be disseminated and implemented, removing barriers to development in rural areas.

- The budget for the strategic plan in Poland is more than EUR 25 billion for 2023-2027, of which more than EUR 17 billion is allocated to direct payments after the transfer of 30% from the second pillar.
- The allocation of the second pillar is about EUR 8 billion. Since the “tools that improve farmers’ income are direct payments”, the Polish government decided to strengthen it by transferring funds from Pillar II to Pillar I.

- Approximately EUR 8 billion is planned for Basic income support for 2023-2027 which accounts for 47.36% of the direct payment envelope.
- Estimated rate is approx. 118 EUR/ha.
- Payment reduction (capping) will not be applied.
- In the case of Poland, priority in supporting agricultural activity under the Strategic Plan is given to small and medium-sized farms with an area of up to 25-30 hectares. Therefore, the redistributive payment is intended for farms with an area of up to 50 hectares, but support will be paid up to a maximum of 30 hectares – i.e. farms with an area of 30 hectares will benefit most (in terms of average payment per hectare on a farm) from this type of payment. A total of approx. EUR 2 billion is planned for the redistributive payment between 2023 and 2027, representing 11.57% of the direct payments envelope. Estimated rate approx. 44 EUR/ha. Maximum rate approx. 48.5 EUR/ha.

- **The green architecture of the Polish NSP** establishes a number of measures in both pillars to encourage farmers to adopt pro-environmental farming practices. Most significantly, in Pillar I, eco-schemes are voluntary payment schemes for farmers who implement environmentally and climate beneficial practices that go beyond the requirements established by cross-compliance. This tool is designed to maximize environmental benefits to the greatest extent possible, while encouraging farmers to actively engage in the implementation of environmental and climate protection measures.

Exemplary ecoschemes

- **Simplified farming system** The aim of this eco-scheme is to support conservation tillage, to preserve natural resources while achieving satisfactory yields.
Estimated rate: 125.62 Euro/ha.
- **Winter catch crops/intercrops** Estimated rate: 176,63 Euro/ha.
- **Water retention on permanent grassland** Estimated rate: 63,15 Euro/ha.
- **7% of the farm's land to non-productive areas** Estimated rate: 19,10 Euro/ha.
- **Organic farming** (Different estimated rates depending of crops, for example: Berry crops, 560,67 EUR/ha, Extensive orchard crops: 297.98 EUR/ha).
- **Diversified cropping pattern** Estimated rate: 76,18 Euro/ha.
- **System of Integrated Plant Production** Estimated rate: 292,13 Euro/ha.

Comments to the Strategic Plan in the context of the current geopolitical and economic situation

- COVID-19 Pandemic and its consequences: breaking supply chains, irregular supply of many commodities
- War in Ukraine : consequences for global food production and traditional directions of trade, problem with Energy sources, main question about global, regional and national food safety
- The climat change
- Rising inflation in many countries

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Thank you for attention

Renata Przygodzka

r.przygodzka@uwb.edu.pl