



The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

Papers downloaded from AgEcon Search may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

THE USE OF EU SUPPORT BY ORCHARDS OWNERS IN FARMS IN THE GRÓJEC COUNTY, ON THE BASIS OF THE CONDUCTED SURVEY

Dawid Olewnicki[✉], Magda Marzec

Szkoła Główna Gospodarstwa Wiejskiego w Warszawie

Abstract. The paper presents the state of fruit producers' knowledge, as well as methods of EU support application under the various programmes available in both the period before and after Poland's accession to the EU. Farmers, including gardeners, could apply for funding under the SAPARD programme already before the accession. These grants were the beginning of the support Poland received during this period. EU aid became applied on a large scale just after the accession. A large part of manufacturers began to apply for support i.a. under the Rural Development Programme for 2007–2013 (hereinafter RDP 2007–2013). The survey involved 103 fruit producers from the Grójec County, which is the area of greatest importance in the Polish fruit production. Nearly three quarters of the surveyed respondents claimed that they had benefited from the EU support. Those producers who benefited from the RDP 2007–2013, the granted funds in 63% invested in modernizing their farms. A lot of producers the received funds earmarked for the purchase of machines. Preferential loans also gained in popularity, especially those that could be applied for after disasters which had destroyed growers' crops, e.g. spring ground frost, hail etc. 30% of respondents benefited from this type of support. It is worth emphasising that almost three quarters of the respondents obtained assistance in making applications from private companies, and not from the state institutions. The biggest obstacle encountered by the producers when applying for EU funds, was the intricate procedure in filling in the applications.

Key words: intervention, EU support, orchard farms

INTRODUCTION

Due to its specific nature, agriculture, often dependent on weather and socioeconomic conditions, has been one of the characteristic sectors of the economy for decades, where the state interventionism plays a very important role. Interventionism in agriculture, which was created at the beginning of the twentieth century, was primarily the price and income interventionism, Wilkin (2002). Yet the structures of the agricultural interventionism that were used in Western Europe after the Second World War, varied considerably. For example, the plan of dual price guarantees was introduced in France. This system was launched on the vegetable product markets. There were also indirect methods of the impact on prices used. For example, export bonuses, taxes and intervention purchases. Meanwhile in the UK price subsidies and state monopoly became basic mechanisms of agricultural interventionism (Ciechomski, 1997). The Common Agricultural Policy in Europe, which was built up on the basis of the Treaty of Rome (1957) significantly changed the image of European agriculture and interventionism practiced in it. Additionally, along with the creation of the European Economic Community (EEC) in 1958, the integration and standardization of agricultural intervention mechanisms took place. This community facilitated its member states with large financial support and allowed for dynamic development of the

[✉]dr inż. Dawid Olewnicki, Samodzielna Pracownia Organizacji i Ekonomiki Ogrodnictwa, Szkoła Główna Gospodarstwa Wiejskiego w Warszawie, ul. Nowoursynowska 159, 02-776 Warszawa, Poland, e-mail: dawid_olewnicki@sggw.pl

agricultural sector. Its main objectives were e.g. markets stabilization, increasing agricultural productivity, ensuring food security and the interests of consumers as well as increasing the income of rural residents. By the end of the eighties of the 20th c., the agricultural interventionism of the EEC gained the widest scope and a high degree of co-financing, while in the nineties the fundamental reforms aimed at changing the structure and goals of the interventionism were conducted (Wyzńska-Ludian, 1996).

The political changes in Poland after 1989, marketization of the economy, Polish accession to various international structures, had a significant impact on the economic condition of our country. After 1990, the system of economic individualism was introduced with its prevailing market mechanism. At the time Polish agricultural policy began to meet the demands of structural and market interventionism, and one of its objectives was to maintain the level of agricultural producers' income. Changes in socio-economic structure of rural areas became the second aim (Spychalski, 2008). Polish accession to the European Union contributed to the development of Polish agriculture, including horticulture, to a large extent. A lot of changes that took place were affected by the EU programmes. Farmers could benefit from the SAPARD programme still before the accession. These grants were the beginning of support that Poland received in the pre-accession period. After the accession EU aid was applied on a large scale. A significant part of the producers began to apply for support with the RDP 2007–2013 (Marzec, 2015). The aim of this study is to evaluate the knowledge of the forms of assistance and the EU funds usage by fruit growers from the Grójec County, as well as the impact of these measures on the development of fruit farms.

METHODOLOGY

The analyses presented in this study are based on surveys conducted in 2014 among fruit growers of the Grójec County, which is the area of greatest importance in the Polish fruit production.

The study sample consisted of 103 respondents (owners of fruit farms). The study was based on a questionnaire that included 19 questions. All respondents answered 4 questions regarding knowledge in forms of EU support, the sources of information on funding. They also showed whether had ever benefited from funding

and whether in the future they would intend to take the advantage of such form of support. 8 out of 19 questions were directed to growers benefiting from EU aid. They answered the questions of when they benefited from the European Union support, how many and what kind of aid programmes they received funds from, how they filled in applications to The Agency for Restructuring and Modernisation of Agriculture (ARMA), what barriers were encountered in obtaining funds and what sort of benefits they gained from the aid received. The respondents who did not benefit from EU programmes, explained why they had not applied for the aid.

The analyses were made with simple mathematical and statistical methods, and to present the results graphic forms were used. The used tools, techniques and methods of comparative analysis involved the methods of descriptive statistics and methods of grouping. The results have been shown with percentages. 100% was assumed to stand for the size of the group of the studied population, whereas in case of the possibility of giving several answers, the sum of all indications has been presented.

KNOWLEDGE OF FORMS OF SUPPORT AND EU FUNDS APPLICATION BY THE ORCHARDS OWNERS

Grójec and Warka region is famous for the orchards production and is often called the "Polish fruit-growing basin". It is also regarded as one of the largest fruit-growing regions in Europe. Orchards in this district take up 40 thousand hectares and in the whole voivodeship of Mazowsze there are between 76 to 78 thousand hectares of orchards. While there are long traditions of fruit production here, and all the respondents – fruit growers, know about the existence of the programmes to support the production and developments of farms, not all of them take the advantage of them. The study shows that 71% of respondents out of the whole sample group, benefited or benefit from various forms of EU support. According to the respondents the main source of information on possible EU programmes and other forms of support was the media, i.e. TV, newspapers and the Internet, which was separately underlined by almost half of the respondents. Private contacts were also an important source, which was indicated by as much as 57% of the surveyed (Fig. 1).

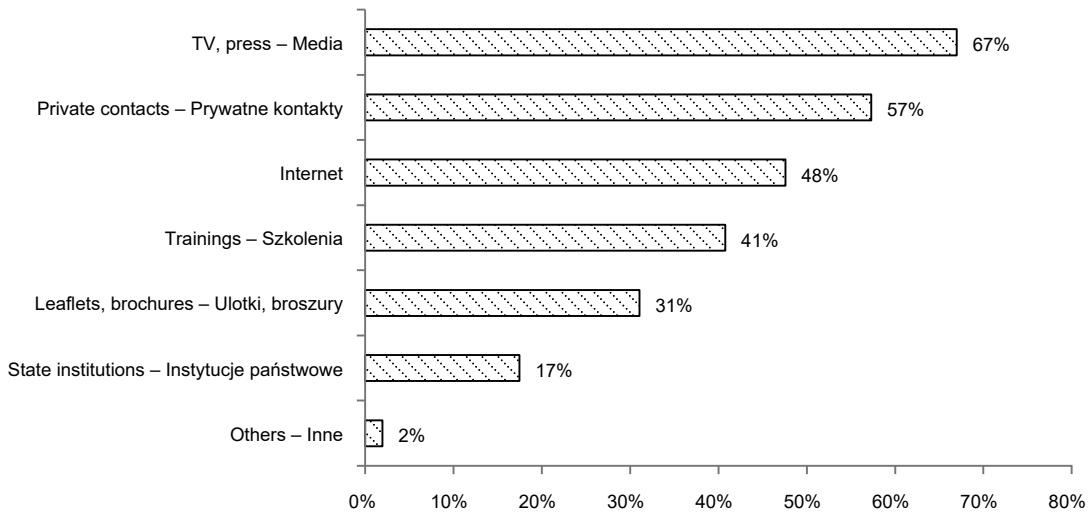


Fig. 1. Respondent-obtained sources of information on subsidies from the European Union (%)

Source: Marzec, 2015.

Rys. 1. Źródła pozyskiwania informacji przez respondentów na temat dofinansowań z Unii Europejskiej (%)
Źródło: Marzec, 2015.

Respondents who were asked about how they had filled in applications to be submitted to the Agency for Restructuring and Modernization of Agriculture (ARMA), claimed that they primarily benefited from the private institutions help. As many as 71% of all respondents said so. It is worth noting that almost 1/4 of farm owners filled in applications for EU aid themselves, and only 6% of applicants benefited from the state institutions help.

In this study, respondents indicated which programmes and contained in them measures they benefited from. Over half of the respondents (53%) benefited from the measures on investments in agricultural holdings within the pre-accession SAPARD programme. Fruit growers, who used other SAPARD measures, reached only 1%. With the post-accession programmes RDP 2007–2013 was the essential one for all respondents. 63% of respondents were granted for the modernization of agricultural holdings under this programme. In addition, 29% refers to people who received funding under the measures to facilitate the start for young farmers. In contrast, 14% made those who also benefited from other measures under the RDP 2007–2013 programme. The least number of the surveyed, as only 8%, benefited from vocational trainings. A large proportion

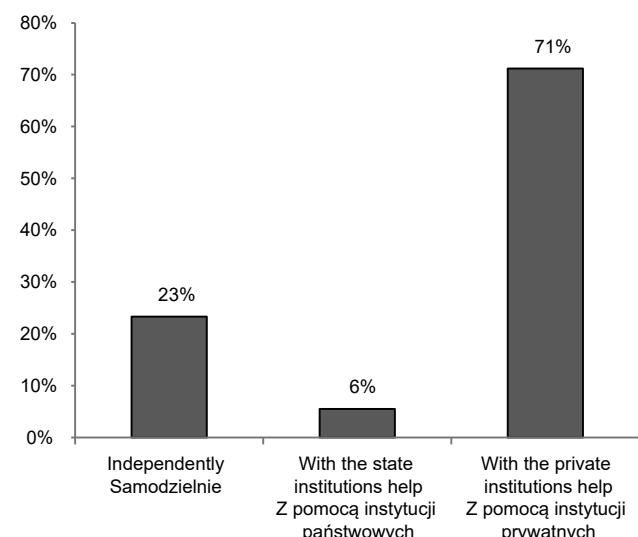


Fig. 2. Methods used by respondents to fill in applications for EU subsidies to ARiMR (%)

Source: Marzec, 2015.

Rys. 2. Sposób wypełniania wniosków przez ankietowanych o wsparcie unijne do ARiMR (%)
Źródło: Marzec, 2015.

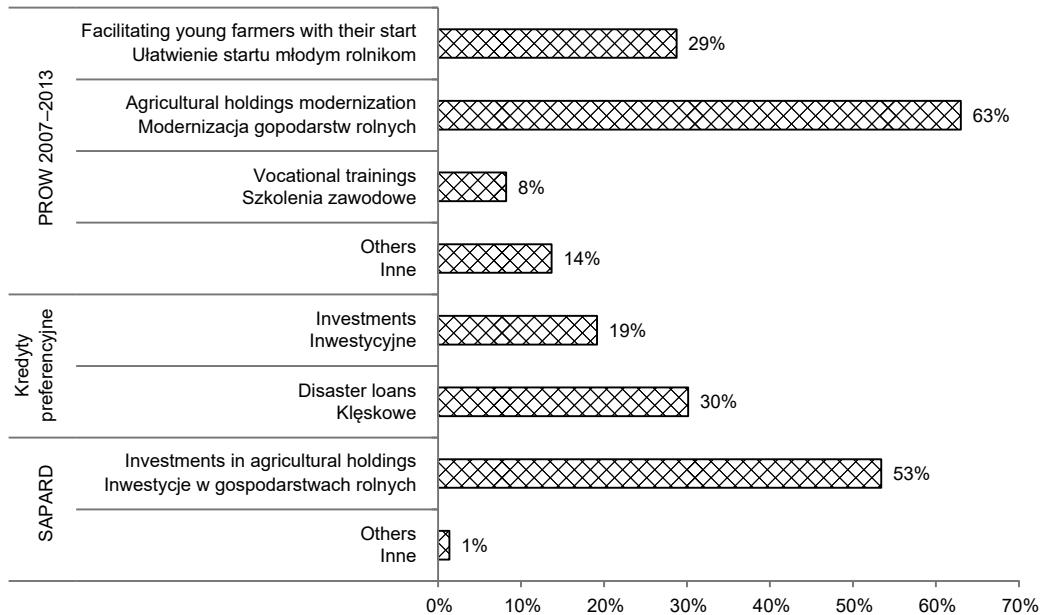


Fig. 3. Programmes and forms of support used by respondents (%)

Source: Marzec, 2015.

Rys. 3. Programy wykorzystywane przez respondentów (%)

Źródło: Marzec, 2015.

of the respondents who had applied for EU support also declared taking preferential loans. 30% of people took the chance of the so called disaster loans, and 19% of respondents benefited from investment loans (Fig. 3).

Applying for EU support is widely recognized as time-consuming due to the multiple procedures it involves. Respondents, who were engaged in this procedure for 6 to 12 months, made 40%. This process took between 3 to 6 months in case of not much less interviewed, as 37%. Nearly 1/5 of the respondents declared that the procedures connected with receiving EU support lasted more than one year. Time between submitting the application and signing the contract took less than three months in case of the least number of people. Such answer was indicated by 5% of the respondents (Fig. 4).

Only 40 respondents of all the surveyed who declared they benefited from EU programmes, indicated how they used the received assistance. As many as 70% of the people answered that means to them granted were used for the purchase of new machinery and equipment, with a purpose to improve production. Only 12% of the respondents declared that the funds they had received

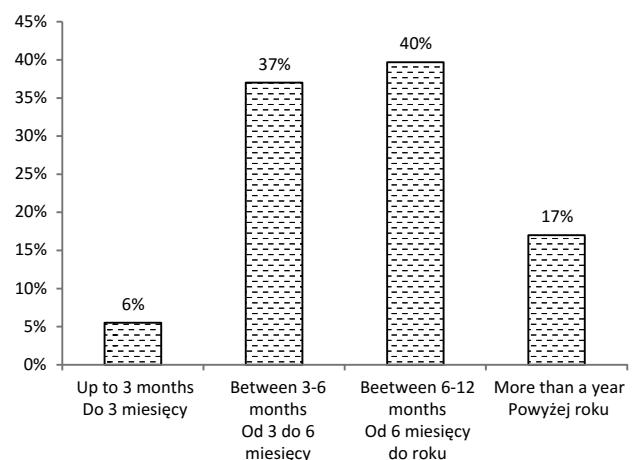


Fig. 4. Period between submitting the application and getting the support (%)

Source: Marzec, 2015.

Rys. 4. Okres, jaki zajęło uzyskanie wsparcia od momentu wypełnienia wniosku do momentu podpisania umowy (%)

Źródło: Marzec, 2015.

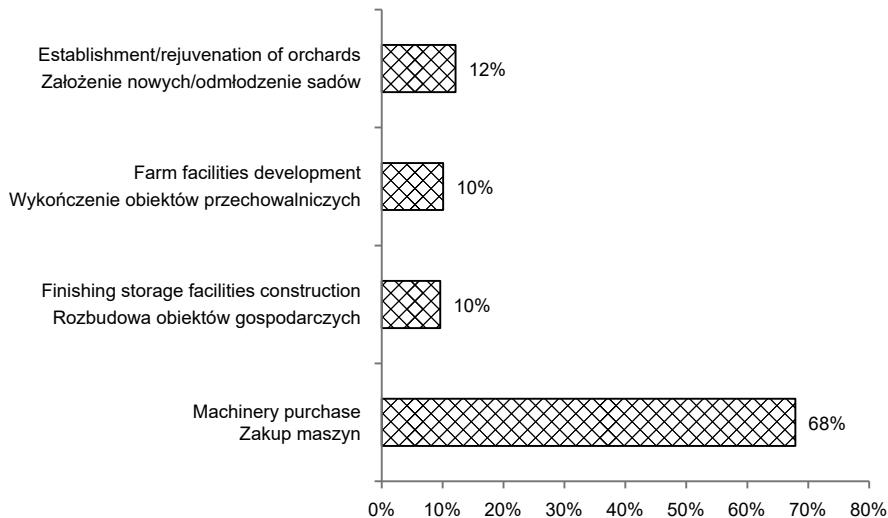


Fig. 5. Granted EU support destination in case of the respondents (%)
Source: Marzec, 2015.

Rys. 5. Sposób wykorzystania przyznanego dofinansowania (%)
Źródło: Marzec, 2015.

were invested in the establishment /rejuvenation of orchards. Little less, as 10% of fruit farmers dedicated the received funds to finish storage facilities construction. Similarly, 10% of the respondents received funds earmarked for the facilities development (Fig. 5).

The study also clarifies the benefits received by growers in association with the use of EU aid. As many as 66% of the respondents applying for the grant suggested the greatest benefits were felt in increasing the production efficiency and in obtaining financial liquidity in the farm. Almost half of the respondents (47%) stated that EU funds helped to increase the profitability of their production. Only 18% of fruit growers said that EU programmes led to the financial liquidity in the farm (Fig. 6).

All respondents who had benefited from EU aid also showed what were the barriers encountered when applying for EU funds. 64% of them indicated that the majority of problems were caused by a complicated procedure of completing the documents. For more than a half of the respondents (55%) the need to have their own resources for the investment, as well as strong competition among those applying for a grant, represented

major impediment. Approximately 1/5 found, however, that the major difficulty was the lack of support in the procedure of completion and filling in the documents. Only 7% of fruit growers recognized the lack of detailed information about the programmes they could benefit from directly, a considerable obstacle. Few people, as only 6%, reported other reasons than those listed in the survey (Fig. 7).

Complicated procedures for the entire process of obtaining EU support are the main reason, as the analyses show, for avoiding EU support. About 72% of the respondents who do not try to benefit from grants emphasised this issue. Moreover, 34% of respondents suggested they had their own and sufficient financial resources for the farm development. In addition, 31% of the people surveyed think that the biggest problem were complications during the proposal preparation. In contrast, 17% of the respondents said they did not have sufficient knowledge of the existing grants and probably due to the lack of such knowledge they were afraid of applying for funding. Respondents who gave other reasons, for which they resigned from the EU support, represented in this case 10% (Fig. 8).

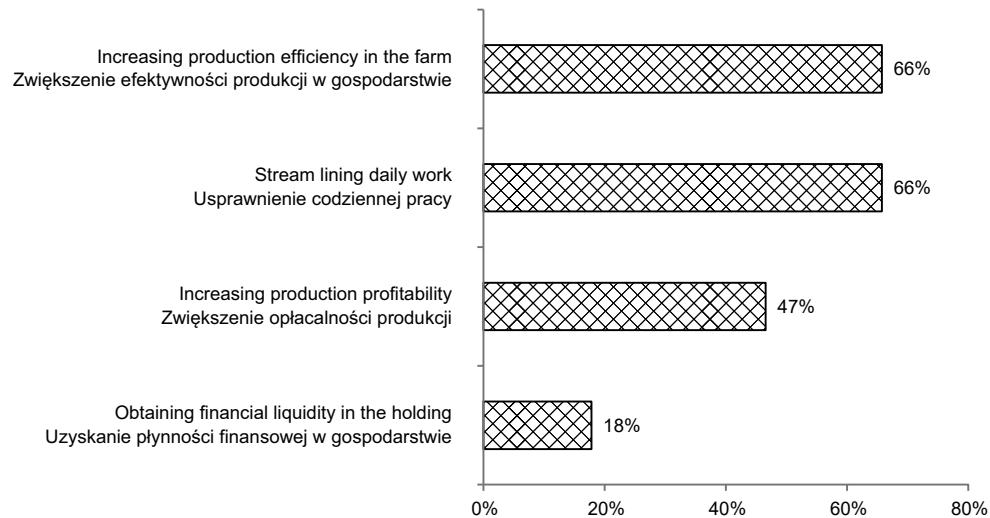


Fig. 6. Benefits arising from EU support in the respondents opinion (%)
Source: Marzec, 2015.

Rys. 6. Korzyści odczuwane przez gospodarstwo po skorzystaniu z pomocy unijnej (%)
Źródło: Marzec, 2015.

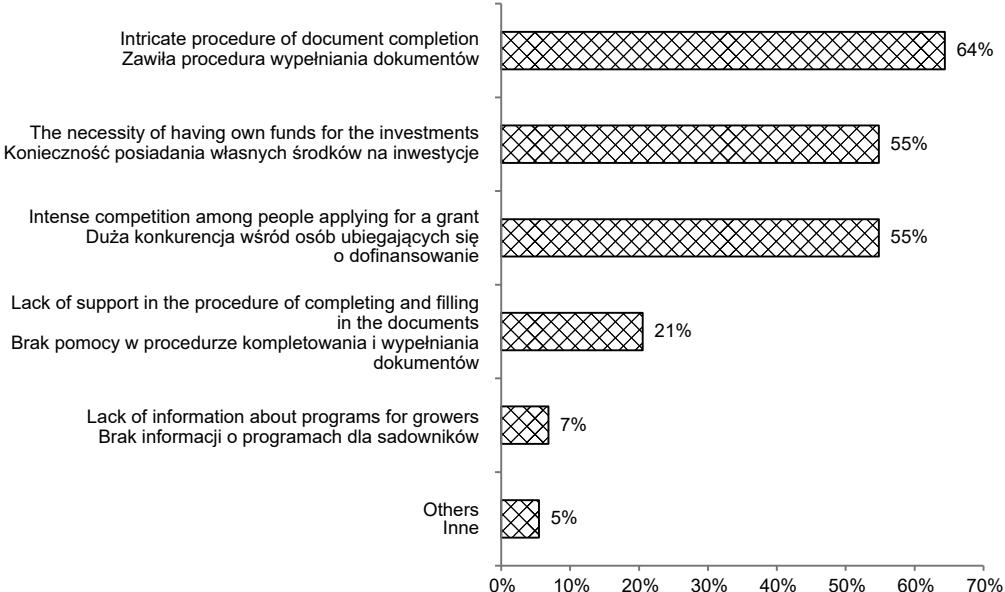


Fig. 7. Barriers encountered by respondents in the course of obtaining EU funds (%)
Source: Marzec, 2015.

Rys. 7. Bariery, jakie napotkali ankietowani w czasie pozyskiwania środków unijnych (%)
Źródło: Marzec, 2015.

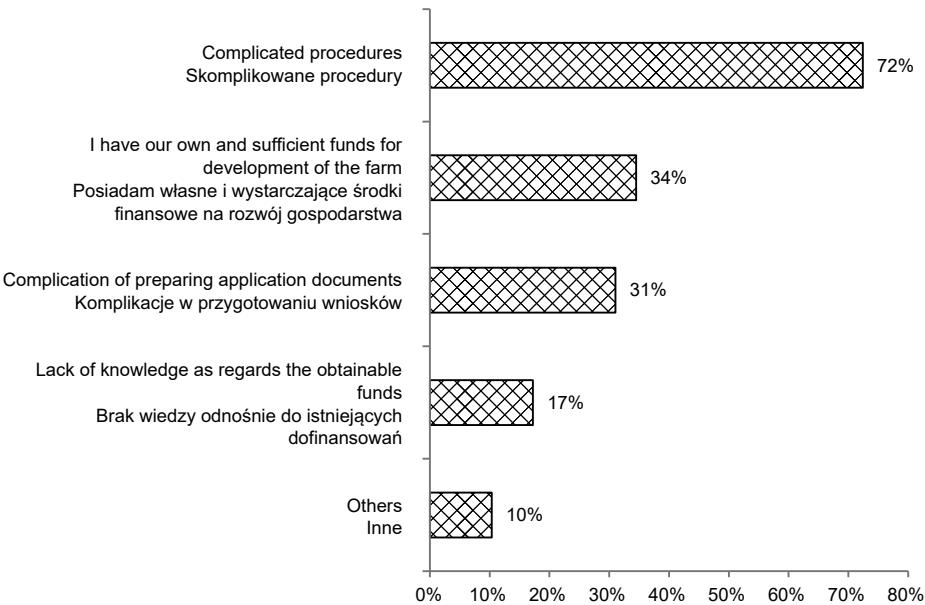


Fig. 8. Reasons for the lack of will in obtaining EU support by the respondents (%)
Source: Marzec, 2015.

Rys. 8. Powody niekorzystania przez respondentów ze wsparcia Unii Europejskiej (%)
Źródło: Marzec, 2015.

SUMMARY AND CONCLUSIONS

EU support targeted at producers is crucial for the development of farms. Nearly three quarters of 103 respondents surveyed claimed that they benefited from the EU support. Producers who have benefited from the RDP 2007–2013, invested the received funds in modernizing their farms in 63% of cases. A lot of producers earmarked the received funds for the purchase of machinery. It should be also noted that almost three quarters of the respondents received some assistance in preparing applications from private companies, and not from the state institutions. The results depicted in this study indicate that the state advisory institutions whose goal is to help Polish producers in obtaining EU funds, should be more closely involved in the processes of EU support and direct advisory services to those producers. The producers felt that the increase of production efficiency and improvement of work on the farm made the greatest benefits of EU subsidies. It should be also emphasized that 72% of the respondents who had not applied for EU support indicated complicated procedures to be the main reason for lack of submitting the requests. That was also an issue stressed

by the respondents who applied for EU funds. For 64% of these respondents, the biggest barrier was a complicated procedure for making applications.

REFERENCES

Ciechomski, W. (1997). *Interwencjonizm państwo w rolnictwie i obrocie rolnym*. Poznań: Wyd. Akademii Ekonomicznej w Poznaniu.

Marzec, M., (2015). *Analiza instrumentów wsparcia gospodarstw sadowniczych na przykładzie powiatu grójeckiego*. Praca inżynierska. Warszawa: SGGW.

Mazurkiewicz-Pizlo, A., Pizlo, W. (2011). *Inspiracje teoretyczne konkurencyjności według Thünena, Marshalla, Portera*. Zesz. Nauk. SGGW Ser. Ekon. Org. Gosp. Żywn., 93, 5–18.

Spychalski, G. (2008). *Działania interwencyjne w rolnictwie i na obszarach wiejskich w Polsce*. Zesz. Nauk. SGGW Ser. Ekon. Org. Gosp. Żywn., 71, 43–52.

Wilkin, J. (2002). *Interwencjonizm w rolnictwie: dlaczego był, jest i będzie*. Biul. Inf. ARR, 9(135), 18–19.

Wyziańska-Ludian, J. (1996). *Przyczyny i formy interwencjonizmu państwowego w rolnictwie*. Lublin: Wyd. UMCS w Lublinie.

WYKORZYSTANIE WSPARCIA UE PRZEZ WŁAŚCICIELI GOSPODARSTW SADOWNICZYCH Z POWIATU GRÓJECKIEGO W ŚWIETLE BADAŃ ANKietowych

Streszczenie. W opracowaniu przedstawiono stan wiedzy producentów sadowniczych oraz sposoby wykorzystania przez nich wsparcia unijnego w ramach różnych programów dostępnych zarówno w okresie przed-, jak i poakcesyjnym. Już przed akcją rolnicy, w tym ogrodnicy, mogli ubiegać się o dofinansowanie w ramach programu SAPARD. Dotacje te były początkiem wsparcia, jakie Polska uzyskała w tym okresie. Dopiero po akcesji zaczęto na dużą skalę korzystać z pomocy unijnej. Znaczna część producentów ubiegała się o wsparcie m.in. w ramach programu PROW 2007–2013. Badaniami ankietowymi objęto 103 producentów sadowniczych z powiatu grójeckiego, a więc rejonu o największym znaczeniu w polskiej produkcji owoców. Spośród ankietowanych respondentów prawie $\frac{3}{4}$ zadeklarowało, że korzystało ze wsparcia unijnego. Producenci, którzy skorzystali z PROW 2007–2013, otrzymane fundusze w 63% zainwestowali w modernizację swoich gospodarstw. Najwięcej producentów przeznaczyło otrzymane środki na zakup maszyn. Warto również podkreślić, że przy wypełnianiu wniosków prawie $\frac{3}{4}$ respondentów korzystało z pomocy prywatnych firm, a nie z form wsparcia instytucji państwowych.

Słowa kluczowe: interwencjonizm, wsparcie UE, gospodarstwa sadownicze

Accepted for print – Zaakceptowano do druku: 4.02.2016