



*European Network for
Rural Development*

Delivery mechanisms of rural development policy in Poland

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Connecting Rural Europe

Thematic Working Group 4

The overall mandate of TWG4 "Delivery mechanisms of EU rural development policy" is to make more efficient and effective the design and implementation of EU rural development policy, a shared management policy of the EU.

The specific aim is:

- to review the delivery mechanisms of EU rural policies, in selected Member States, at all relevant institutional levels, in order to identify those aspects that are working well and less well, good practices and suggestions for desirable improvements.

Delivery mechanisms have proved to be a decisive factor for achieving the objectives of EU rural policies, with its associated value added. Two dimensions appear relevant: one; the way in which different stages of the programming cycle for rural development are managed (the issues), and two; different tiers of actors (administration, stakeholders and beneficiaries) involved in the chain of events associated with the interventions.

Rural development is implemented under shared management and implementation vis-a-vis the beneficiary is delegated to the Member State, while the Commission is responsible for the overall legal framework and the implementation of the associated budget. Expenditure under EAFRD is implemented through a compulsory administrative structure at the level of the Member States (e.g. Managing Authority, Paying Agencies), and detailed systems of *ex-ante* and *ex-post* controls complemented by respective sanction mechanisms. Additionally, social and economic partners are involved in the preparation, monitoring and evaluation of the policy (e.g. as members of the Monitoring Committee). Some measures are implemented at sub-regional level. Thus, the shared management approach has the characteristics of a multi-level governance delivery system. The TWG assesses the variety of delivery mechanisms put in place for the different stages of the programming cycle and through all the steps between relevant levels of the governance system from the top to the bottom (EU, national, regional, sub-regional, obligations of final beneficiaries).

In order to assess the strengths and weaknesses. The delivery system (in its broadest sense) has been structured into the following 10 issues for analytical purposes.

- The strategic approach and targeting
- Programming
- Coordination of policies (coherence and complementarity in particular with other EU policies)
- Implementation procedures (applications, selection, payments)
- Architecture of the policy, axes and measures (coverage and eligibility rules)
- Partnership principle (between EU and MS, stakeholder involvement)
- Implementation of integrated, territorial development strategies (including Leader)
- Monitoring and evaluation
- Control systems
- Obligations of the beneficiaries/recipients of aid

Summary

Implementation of the Rural Development Program 2007-2013 in Poland is proceeding reasonably well. However, there are still quite many weaknesses which can be removed for the sake of higher effectiveness and efficiency of the policy. At the same time, the programme evolves and many problems have been already addressed, and many lessons were learnt. Some other still wait for solutions in the near future. Thanks to opinions collected from the broad range of interviewees¹ (from managing officials through to beneficiaries) this Report brings more insight into those matters. Below are only selected outcomes highlighted in a very brief form, structured in similar fashion as the general Report, i.e. with focus on 10 broad categories of RDP delivery mechanisms from 3 different perspectives: strengths (what worked well), weaknesses (main difficulties encountered), and suggestions (how the things can be improved in the future).

- **The strategic approach and targeting;**

Strengths: coherence between the strategies was assured; experts working on the strategy in MS are experienced and were involved in other EU programs (RDP 2004-2006, SPO for Agriculture, SAPARD, etc.), good cooperation of MS with EC during the time of preparing the strategy, choosing centralized RDP as a start seems like a good choice, and it does not hinder possibility of future decentralization. **Weaknesses:** underestimation of the role of strategic thinking, lack of the long-run vision, "wide-targeting" approach, too much politics where substantive work is needed.

Suggestions: more time for development of the strategy could be allowed and more training on writing the strategic documents should be in place, more targeting can be assured if EC counterbalances the "wide-targeting" approach of MS and prevents watering down the program during its modifications.

- **Programming;**

Strengths: logical reasoning behind the selection of measures, bottom-up approach to budget allocation by measures, transparent rules for regional allocations, involvement of interest groups, no problem with thresholds. **Weaknesses:** little knowledge on EC's financial engineering in MS, no flexibility in RDP document so little room for adaptations to changing economic environment, numerous and changing national regulations for individual measures in MS, some unrealistic objectives/goals for achieving, some of the eligibility criteria too broad. **Suggestions:** simplifications and more flexibility in the RDP, leave the program broad (priorities, eligibility, etc.) but adjust targeting at the stage of selecting projects according to the particular situations and priorities, fewer but meaningful indicators for measuring the policy outcomes.

- **Architecture of the policy** (axes and measures, the coverage and eligibility rules)

Strengths: reasonable proportions between the axes and adequate measures, good day to day management (centralized), understandable specification of the measures.

Weaknesses: old RDP obligations use a large part of current RDP budget, bias toward "passive" measures, sometimes easy eligibility conditions allow high absorption at expense of targeting, mainstreaming of the Leader hinders its comparative advantage. **Suggestions:** redefine the rules for Leader, remove the thresholds for axes' allocations as they do not play any role.

¹ Note, that opinions of interviewees are not necessarily always the same as those of the author of this report.

- **Implementation procedures** (applications, selection, payments)

Strengths: on-going process of simplifications of application forms and rules, satisfactory absorption level (no threat of unused funds), detailed accreditation forced better readiness for implementation, one application form for area-based support, upcoming on-line generator of area-based support. **Weaknesses:** very complex institutional implementation framework including large scale delegations of functions, late accreditation and hence late start of some measures, weak coordination of calls for applications among the measures, long verification process of applications (in some cases influenced by late accreditation), changing rules from call to call, announcing some calls for applications at last moment; long, complex and changing national law, low quality of the applications, especially in case of investment types of measures (which results in double supplementing procedures). **Suggestions:** more simplifications for beneficiaries means more work for those processing the applications, so it has to be optimised; on-line application generators would help both beneficiaries and implementing authorities; better preparations for the next accreditation would be beneficial.

- **Partnership principle** (between EU and MS, stakeholder involvement)

Strengths: good (in terms of effectiveness) relations between EU and MS, existing platforms for national-regional relations, strong involvement of environmental public actors, voice of public opinion taken into account in the original RDP and its amendments, increasing public interest and awareness. **Weaknesses:** trade-off between ideal partnership and effectiveness of Monitoring Committee, some legal bases (or their lack) hinder sometimes partnership between institutions. **Suggestions:** more feedback to social actors' interventions would be appreciated, more innovative organization of Monitoring Committee could be beneficial, and partnership within LAGs could be better investigated.

- **Implementation of integrated, territorial development strategies (incl. Leader)**

Strengths: much larger number of LAGs than assumed, existence of some other than LAGs groups involved in integrated territorial approach. **Weaknesses:** a very late start of measure 414 'implementation of Local Development Strategies', long verification process of applications within 413, LAGs are not responsible for verification criteria in 413 so some projects selected by LAGs can be later rejected by implementing authority, financial problems in case of small LAGs, over demanding procedures, too narrow scope of eligibility costs. **Suggestions:** flexibility in bottom-up approach of Leader and its integration with other types of territorial initiatives could be re-considered.

- **Coordination of policies** (coherence and complementarity among policies)

Strengths: some attempts of coordination between the rural and regional development policies, effective in avoiding overlaps demarcation lines, evidence of successful integrated approaches in some regions. **Weaknesses:** insufficient synergies between various programs, some counter-integrative effects of demarcation lines. **Suggestions:** promoting and facilitating comprehensive problem solving programs, more coordination between various policies already at the EU level.

- **Monitoring and evaluation**

Strengths: consensus on coverage of monitoring data between MA and PA including CMEF indicators, improved IT system for monitoring, regular reports, good quality of internal on-going evaluation, good relations between the MA and evaluators, reasonably good access of evaluators to monitoring data. **Weaknesses:** lack of full integration between IT systems used in RDP, very laborious and complex system of defining new reports and queries (requires IT people), manual implementation of the information, not unified monitoring systems among different implementing authorities. **Suggestions:** improvement of IT systems and introduction of on-line generators of application forms.

- **Control systems**

Strengths: good effectiveness of controls, sampling for controls based on "risk analysis", positive perception of the controls by beneficiaries, using updated IACS system for controls, shifting the controlling officers among the regions if needed, effective cross-checks. **Weaknesses:** long disagreement between PA and Ministry of Finance on accreditation procedure, threat of controls causes over regulations "just in case". **Suggestions:** optimise the frequency of controls and check the cost-effectiveness of all types of controls.

- **Obligations of the beneficiaries/recipients of aid**

Strengths: good system of public and private advisory for farmers, beneficiary friendly system of small number of pre-selected fields which qualify the application for further verification, possibility of personal contact of farmers with people verifying applications, possibility of delaying the supplementing procedure on request of beneficiary. **Weaknesses:** farmers usually do not fill in the application forms themselves, some temporary deficiency of agri-environmental experts preparing agri-environmental plans within 214 happened, the most demanding application forms are in case of 121, very low participatory rate of farmers in training and information campaigns on RDP, differences in interpretation leading to inconsistent treatment of the same applications by different officials. **Suggestions:** more in advance communication about dates of calls for applications, further simplifications for beneficiaries based on their own suggestions.

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Abbreviations

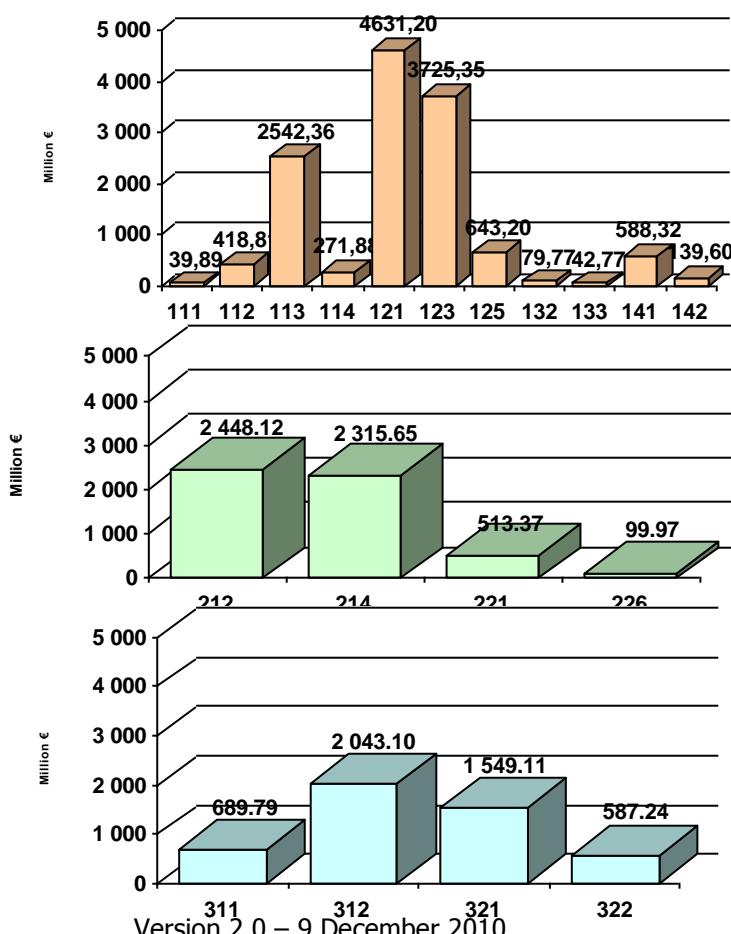
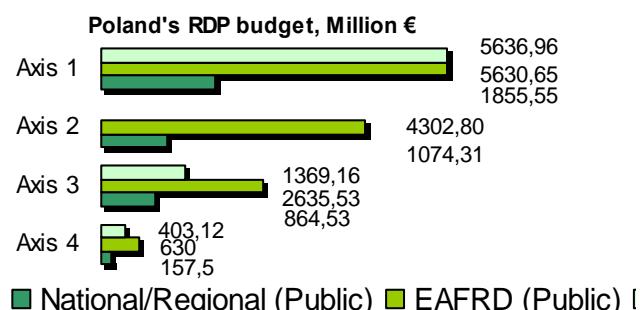
ARMA	Agency for Restructuring and Modernisation of Agriculture
AMA	Agricultural Markets Agency
CDO	Country Desk Officer
CMEF	Common Monitoring and Evaluation Framework
DG	Directory General
EC	European Commission
ESU	European Size Unit
FAPA	Foundation of Assistance Programmes for Agriculture
GVA	Gross Value Added
IACS	Integrated Administration and Control System
KPMG	Auditing company
LAG	Local Action Group
LDS	Local Development Strategy
MA	Managing Authority
MARD	Ministry of Agriculture and Rural Development
MOs	Marshal Offices
MS	Member State
NSP	National Strategic Plan for 2007-2013 Rural Development
NSRF	National Strategic Reference Framework 2007-2013
ODRy	Agricultural Advisory Centres
OP	Operational Programme
PA	Paying Agency
PLN	Polish currency (złoty)
RDP	Rural Development Programme
SAPARD	Special accession programme for agriculture and rural development
SOP	Structural Operational Programme
TOR	Terms of Reference
Voivodship	NUTS2 administration unit
VSG	Voivodship self-government

Introduction

Background information about the MS/region

Poland is the sixth largest country in the EU (in terms of population). Its rural areas, which account for 93.2% of the country, are considered to be economically, socially and environmentally vital for Poland. The population of Poland is 38,157,000 (8.3% of the total population of the EU-27), of which 38.6% (14,733,000) reside in rural areas. Between 2000 and 2005, the share of working-age rural residents increased from 56.8% to 60.7% (and from 63.3% to 66.1% in cities). In terms of population share, this age group increased by about 7% (and by about 3% in cities). Poland has 16 Voivodships (NUTS2 regions), 379 powiats (LAU1), 1576 rural communes (LAU2). The Polish countryside contains roughly 53,000 rural localities, including 42,800 villages and 10,200 settlements and colonies.

RDP updated budget including national/regional + EAFRD + private funding amounts €24,826,711,292. Approximately 53% of the budget is allocated to Axis 1 (€13,123.16 million); 22% to Axis 2 (€5,377.11 million), 20% to Axis 3 (€4,869.22 million) and 5% to Axis 4 (€1190.62 million), with 1% available to fund 'technical assistance' (€266.6 million).



The most important measures in financial terms within **Axis 1** are 121 - 'modernisation of agricultural holdings', 123 - 'adding value to agricultural and forestry products' and 113 - early retirement.

The most important measures in financial terms within **Axis 2** are 212 – 'less favoured area support' and 214 – 'agri-environmental program'. The latter consists of 9 packages, among which the most popular are: Organic farming (P2), Protection of soil and water (P8), Extensive permanent grassland (P3) and Sustainable farming (P1).

The most important measures in financial terms within **Axis 3** are 312 – 'Establishment and development of micro-enterprises' and 321 – 'Basic services for the economy and rural population'.

Axis 4 has three measures 413, 421, 431, among which 413 – 'Implementation of Local Development Strategies' substantially exceeds the others.

Methodological approach to the case study

This report was written on the basis of a case study, which was carried out in the following way.

First, the RDP related documents were collected and reviewed. Apart from those provided by EN RD Contact Point, the documents included a. o.: Monitoring Committee Reports, monitoring data spreadsheets, Ex-ante Evaluation Report, first draft of Mid-Term Evaluation Report, EU Audit of RDP Mission Reports, Reports of Implementation of National Strategic Plan for Rural Development, Demarcation Lines documents, various Organizational Rules of Ministry of Agriculture, relevant expertises (e.g. on Leader, on extension services), RDP strategic and programming documents, legal acts, Council and Commission legal documents, and other relevant information (see also References to this Report).

Second, 18 individuals were interviewed at the national level and 2 regional focus groups were organized in Kujawsko-Pomorskie region. The region was selected due to its high advancement in RDP implementation at the moment. The persons for interviews were selected so to cover main representatives of all suggested groups from the indicative list provided by EN RD Contact Point.

The **individual interviews** at the national level included: (a) European Commission (2 Country Desk Officers), (b) Ministry of Agriculture (2 Deputy Directors of the Department of Rural Development, 1 Head of the Analysts Unit within the Department of the European Union and International Cooperation), (c) Paying Agency (4 managers of measures 121, 214, 321 and Leader; 1 former President of Paying Agency, and 1 former head of the Monitoring Department), (d) Delegated managing institutions (2 Deputy Directors of FAPA), (e) Monitoring Committee Members and evaluators (1 person – Member of Monitoring Committee and expert involved in mid-term evaluation), (f) Professionals assisting beneficiaries (2 private consultants, owners of the extension services firm), (g) Rural and regional experts (1 expert for rural and regional development in the Prime Minister's Group of Advisors).

As for **regional focus groups** the first was dealing with Axis 1 and Axis 2, in particular with measures 121 and 214, so the participants included: 2 regional Paying Agency officials implementing 121 and 214 measures, 3 extension services officers helping beneficiaries with 121 and 214, 1 representative of beneficiaries from Agricultural Chamber and 1 expert on rural development. The second focus concentrated on Axis 3 and measure 321 as well as on Axis 4 Leader, and hence participants were: 2 representatives of LAGs, 1 representative of local self-government –gmina (beneficiary of 321), 1 representative of Marshal's Office (delegated body for implementing measure 321 and Axis 4), and 1 RDP expert. The list of interviewees is presented at the end of the Report.

Third, a summary report was prepared and submitted to the EN RD Contact Point. The final step is the Final Report. It is based primarily on the interviews and focuses described above, and documents collected.

All focus groups and majority of the interviews were recorded, and others were typed.

One note on an interpretation of the results: the consequence of the adopted research approach is that the Report is mainly based on opinions expressed by limited number of people. However, the range of their authority is very broad, from officials through to beneficiaries. Opinions are sometimes opposite to each other, as we were not seeking any consensus but several views on the same issues from different angles. It has to be remembered that the opinions expressed here are not always the same as of the author's of this Report. Last but not least, the group of the interviewees was carefully targeted (as proved above), so great value of the Report is that the information provided here come from very competent persons who agreed to express their views specially on the occasion of this Report. Hence this information is genuine in this respect.

1 Strategic approach and targeting

a) Who does what

The *coherence between various strategies* was assured via extensive consultation process carried out at different institutional levels. At the national level, the main responsibility for strategic planning, at the time of preparing National Strategic Plan (NSP), rested on the Department of Programming and Analyses² within the Ministry of Agriculture and Rural Development (MARD). The document was actually written there - the work started about February 2005 and the first submission to the EU was in August 2006, and during this time it was consulted with other departments within MARD, especially with the Department of Rural Infrastructure and Social Communication, which in 2004 developed Strategy for Rural Development and Agriculture with elements of forecasts to 2012. The latter document occurred very useful for preparing the NSP especially because it was coherent with other national strategies being a part of the National Regional Development Strategy for Poland. At the EU level, the Directors of the Department of Programming and Analyses and Ministers of MARD were consulting and negotiating the NSP document with the EC representatives, who were mainly represented by the Country Desk Officers for Poland. At the EU level the document was consulted among several DGs, including DG AGRI, DG REGIO, DG EMPL, and DG ENV. The document was also consulted at the regional level together with RDP 2007-2013 document, important meetings took place already in November and December 2005 (for full schedule of the consultation process see RDP document, Chapter 14). According to interviewees Poland was one of the first countries which submitted the NSP together with RDP to the EC, which was in August 2006.

As for *targeting*, according to interviewees, Poland was defending so called "wide targeting" based on the argument that the needs are so large, that it is difficult to narrow the modernization needs since the general modernization is needed, etc. Some interviewees attributed lack of sufficient targeting to the lack of long-run thinking at that time, as strategy was written in a hurry, and also to the threat that too much targeting will result in low absorption of the funds (it was the case at the beginning of the SAPARD in Poland). On the other hand, other interviewee pointed out that having so many farmers and limited resources the targeting was necessary anyway and it was done.

There is some evidence that EC tried to encourage Poland to strengthen the *beneficiary and sectoral targeting* during the negotiations of Polish NSP by insisting on a good balance between "passive vs. active" measures, good balance between the axes, consistency between the data provided with the measures proposed, etc. (please refer to Polish NSP, where indicative percentage budget allocation for some measures were already quoted at this stage). For example, the data provided in the strategy compared to other countries revealed that Polish farmers are actually among one of the youngest in the EU, yet at the same time large amount of funds were proposed by Poland to devote to early retirement (although to a high degree due to past commitments). So due to consultations with EC, the eligibility criteria for early retirement measure were changed so the budget share for this measure was lowered. At the same time, the budgetary share for Axis 3 was increased, because there was disproportion between low initial allocation and high needs reported in the documents. In other words, more consistency between the needs and proposed budget was achieved thanks to the EC consultations.

² The Department does not exist any more, but most of the staff is still working at the MARD, within the Department of Rural Development, Department of Direct Payments and the Department of the European Union and International Cooperation.

b) Assessment of difficulties and how have they been dealt with

The first difficulty in writing NSP was a short time for its preparation. The interviewees stressed that despite of having the Council Regulation (EC) No 1698 in 2005, the final implementing regulations were finalised in the second half of 2006. Besides, after EC regulations are published, the Polish ones have to be created, which also takes time. The problem was solved in the way that the document was written before the final regulations were in place, hence without a full knowledge on the final requirements. This approach assumed that the fine tuning will be necessary when all the regulations will be in place. However, this sequence of writing the documents had its consequences. Firstly, according to majority of interviewees, the NSP has not actually played a role of a main strategic document and was perceived rather as a burden than a help. Secondly, process of strategic planning and programming were overlapping and in practice they were carried out simultaneously, which is illustrated by the fact that three major documents: National Strategic Plan, RDP 2007-2013 and ex-ante Evaluation of the RDP 2007-2013 were written at the same time, and the first two, more or less, by the same experts. Thirdly, it was not understood why having NSP, the RDP document still required a repeating of the strategic parts. According to some interviewees, the NSP should be a part of RDP document, not a separate document.

The second difficulty mentioned by interviewees was the limited experience in preparing NSP and hence, initially poor quality of the first versions of the NSP document. The experts working on this were very good, but the structure of the document and reasoning (logic, sequence, supporting data, etc.) were far from perfect at first. The initial problems were solved by intensive consultations of MARD experts with EC. The consultations involved also help in editing of the strategic document. Interviewees from both sides evaluated this cooperation very well. They claimed that it was very intensive, but based on partnership, mutual understanding, and use of various means of communication relevant for each stage of preparation (e-mails, phone calls, working meetings, etc.). The interviewees judged the NSP preparation as a very good learning process.

Interviewees also referred to a problem of assuring coherence among all EC strategies while writing NSP. On one hand, all of them are so broad that is hard to assess what in particular will be behind them until the certain programs are created. On the other hand, due to their broadness, they necessarily overlap in the broad ideas, so it is impossible to impose demarcation lines at the level of strategies, but only at the level of programs.

c) What has worked well and innovative suggestions for the future

A positive aspect of the strategic approach was the necessity to make the decision on whether to have a centralized RDP or 16 regional ones. This decision, triggered country-wide and intensive consultations with regional and local level officials. The decision was a process, and the opinion on centralized vs. decentralized program was evolving over time. At the beginning, there were more enthusiasts than sceptics for the regional RDPs. However, after better understanding the consequences of it (including setting up 16 Paying Agencies, expanding personnel of Marshal Offices, getting accreditation for all measures in all regions, etc.) it was decided by regional officials themselves that a single program is less hazardous as a start. Centralised program had also a higher chance to be started on time, than regionalized ones. This debate enabled a learning process, hence in the next budgetary period, the decision whether to have centralized vs. decentralized RDP will have better grounds.

According to the interviewees, both the strategic approach and targeting should be kept. The former can be improved by allowing more time for it at the national level (all the regulations ready at national and EC level well in advance) and initiate some education for countries'

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administration on how it actually should be carried out. The latter can be improved by giving EC stronger legal base to encourage Member States to targeting. Since it always is the case that big countries with high needs will tend to have wide targets (due to political pressures), so only EC can insist on some more targeting but at the moment it has little legal power to encourage it.

It seems that there is a scope for more targeting in many measures, e.g. in 113 early retirement (e.g. minimum size of transferred plots could be increased from 6 ha to e.g. 15 ha), 121 investments (e.g. encouraging the investments bringing higher value added, not machinery, as it is now), 211/212 LFA support (limiting the support by stricter eligibility criteria), etc. One interviewee also mentioned that some prior assessment of a dead weight could help in targeting, e.g. beneficiaries who can anyway afford some investments should not be eligible for them (particularly important in case of processing). As one interviewee pointed out, the threat for targeting still exists at the moment of the modification of the programme. RDP can be well targeted at the stage of programming but then it can be lost when modifications of the programme come later on (this elaborated further in the report).

2 Programming procedures and financial aspects

a) Who does what

Programming process started just after the Council Regulation (EC) No 1698 was launched in September 2005. Programming was carried out at the *centralized level*. It was initiated by the Department for Rural Development in MARD, but then the full responsibility was taken over by newly created Department of Programming and Analyses. The first step was to write the diagnosis. This part of document was intensively and widely discussed with three parts: other departments within MARD, with research Institutes, and with regional authorities. The work and consultations were carried out in a planned and organized way. It took various forms: working groups, meetings, seminars, conferences, email exchange, etc. On the daily basis, the working groups where created for particular measures and they were supervised by relevant Heads of units or even Heads of relevant Departments. The second step was to select the measures for each axis. Third step was to distribute budget among axes and measures. At the same time, the document was consulted at various stages with the public (see chapter 14 of RDP for the details). According to the interviewees, the document's first draft was submitted to the EC in August 2006 when not yet all the EC implementing regulations were known, as they appeared in the second half of 2006. Below more details on those steps are given.

As for consultation, in each of 16 regions the program was presented in the form of conferences. At the final stage, 2 national conferences were organized – the first summing up the regional consultations and the second one on expected impact of NSP and RDP 2007-2013. Besides many meetings on demand with MARD experts were organized. All in all, 138 partners were listed as participants of the RDP 2007-2013 consultations. Among them were representatives of trade unions, producers associations, science institutes, universities, local self-government associations, regional agricultural advisory centres and 14 partners dealing with environmental issues. The quality of consultations was assessed as high, all policy stakeholders are now better educated than in the previous programming period. Among the most influential groups mentioned by interviewees were: National Union of Farmers, Co-operatives and Agricultural Organisations; National Centre of Young Farmers' Union, Polish Council of Agricultural Chambers, Polish Association of Beef Cattle Producers, and agri-environmental lobbies. The examples of the postulates from the pubic consultations are the following: to increase funding for Natura 2000; to include a measure devoted to promoting innovation in form of support for business incubator which would promote high-quality cattle breeding; to enable co-operatives to become beneficiaries of RDP; to include possibility for buying land and animals within RDP.

As for *procedures to set up RDP*, the number and types of measures were the resultant of the following factors:

- a) repeating the similar measures which were implemented before (within RDP 2004-2006, Operational Program for Agriculture 2004-2006, and those similar in SAPARD),
- b) including measures supported by some groups of interest, stakeholders, or suggestions from EC,
- c) considering cost-effectiveness of implementation and national legislation in case of some measures,
- d) considering coherence with other programmes, and
- e) last word by Ministry of Agriculture.

As for repeated (or similar) measures they included: 111, 112, 114, 121, 123, 125, 226, 311, 313/322/323 (from SOP 2004-2006 for Agriculture), then 113, 142, 211/212, 214, 221, LEADER (LEADER+; from RDP 2004-2006) and 321 (similar to the measure in SAPARD). As for the new measures, they included 132, 133, 223, and 312. Interestingly, there were some more candidate measures for the Polish RDP, e.g. DG Environment suggested implementation of Natura 2000 at forest areas, but due to the low potential number of beneficiaries and hence high administrative costs it was dropped. The costs-effectiveness criterion also determined the fact that some measures were combined in one (see above and also 221/223), in order to avoid additional costs of system building. Another proposition by DG Environment was distinguishing support for Natura 2000 as a separate measure, but due to insufficient national regulations it was impossible at that time. Another candidate measure (forced by the Polish Parliament) was "support for semi-subsistence farms". The measure was even voted down by the Parliament, but due to the last word by the Minister of Agriculture it has not been included³ into RDP 2007-2013 because it would require new negotiations of the Programme.

The *budget allocation* by measures at national level was organized so that specialist from various departments in Ministry of Agriculture (MARD) having knowledge in the fields relevant for each measure (and experience from previous programs) were working on the specification of the measures, range and scope, and hence the first approximation of the demand and budgetary allocation. All agreed that it was done by really good specialists with long-term experience. The sum of the first budget approximations by measures carried out bottom-up by MARD's experts was obviously different from the agreed budget allocated for the RDP, and exceeded it by more than twice. One interviewee reminded of the fact that the national budget for RDP was already limited by approximately one-third due to the continuation of the previous RDP's commitments. Thus only two-thirds of the budget was left for new commitments. Hence some cutting of the allocations by measures took place, but it is hard to say what where the rules. Then the selection criteria were adjusted to downscale the budget of certain measures. According to the interviewees, the thresholds by axes as such were not problematic. Poland has high needs in terms of all axes so such thresholds do not play any role, and hence are actually unnecessary for Poland.

The *regional distribution of the RDP funds* was decided after the national allocation by individual measures was finished. The regional envelopes were *a priori* decided to the following measures only: 112, 121, 125, 311, 312, 321, and 313/322/323. For those measures which were implemented in previous programs, the regional allocation formulas were taken unchanged from RDP and SOP 2004-2006. For remaining measures, the regional formulas were consulted with external institutions and academia before they were adopted and publically available. The formulas used for splitting the national budget by regions for each measure are based on variables such as number of eligible farms in the region, utilized agricultural area of the region, etc. They are usually weighted sums of the variables used, and what is subjective are the weights attributed to those otherwise objective variables⁴. The regional envelopes were consulted with the regional officials at the end. Comparing the regional envelopes with actual demand for the measures by regions, one can see that demand for some measures in some regions exceed substantially the allocated limits while in the others, the limit is far from being met. For example

³ Only the obligations from the previous RDP for semi-subsistence farms are continued in RDP 2007-2013.

⁴ For example, the regional allocation of funds (SWE_k) of 121 measure for region k is the following: $SWE_k = UWE_k * 80\% + UUR_k * 20\%$, where UWE_k is a share of households from the region k in the total number of households that meet the criterion of economic size in the country and UUR_k is a share of the agricultural area of the region k in the total agricultural area of the country. So the regional formula is a weighted sum of the two, with a favor for the number of farms rather than size.

this is the case for measure 121 "Modernization of the agricultural holdings". In 2009 call for applications, the value of submitted applications in Zachodniopomorskie region amounted at about 260% of the regional quota for this measure in that year, while in the Lubelskie region, in the same call the value of the submitted applications was only about 60% of the limit allocated to that region. Interviewees claimed, that this situation does not necessarily mean wrong regional distribution criteria, because in some regions the holdings are weaker and farmers need more time to think over their needs. However, eventually they will also use the whole allocated quota but in longer time. Another solution is to reallocate the regional quotas.

As for the *flexibility issues*, the program has been modified each year. So far the programme modifications include the following:

- a) Substantive changes notified formally by Poland in December 2008,
- b) Changes related to New Challenges, some substantive changes "Non-controversial" (reported in July 2009) and changes to financing "Early retirement" and "Semi-subsistence farms" (reported in December 2008) due commitments from the RDP 2004-2006,

Poland received 167.79 million EUR for rural development from the HC/RP (Commission Decision 2009/545/EC). Moreover, the amendment incorporated also additional resources from modulation of the CAP payments as agreed in the Health Check of Common Agricultural Policy (1.1 million EUR for Poland in 2013 (Commission Decision 2009/444/EC and Commission Decision 2009/545/EC). Taking into account the national priorities defined in line with the needs in the National Strategic Plan and in compliance with the relevant EC legislation Poland has focused on the following challenges: (1) restructuring of the milk sector in preparation for the abolition of milk quotas in 2015 (37% of the additional funding), (2) improving water management (20% of the additional funding), (3) renewable energy (2% of the additional funding), (4) broadband infrastructure (35% of the additional funding), (5) biodiversity (6% of the additional funding).

The other changes included allocating more funding to so-called passive measures. Out of all such allocations for years 2007-2009 about 57% of original budget went to 113 "Early retirement measure" (for old and new commitments), and 24% for 141 (old commitments for "semi-subsistence farms"). This was covered by reducing support mainly for the measures 123 "Increasing the added value to basic agricultural and forestry production", measures 221/223 "Afforestation of agricultural and non-agricultural land", and measure 114 "Advisory services for farmers and forest owners".

- c) Changes associated with an increase in premiums for a "Young farmer" – reported in 2009 and again reported in 2010,
- d) Changes associated with floods reported on 22 July 2010.

b) Assessment of difficulties and how have they been dealt with

Some interviewees expressed the viewpoint that requirements for the RDP document leave no flexibility and that RDP document must cover too many details. As a result, the Polish RDP has about 1000 pages (with Annexes) because it has to take into account (or predict) everything. However, as one interviewee said, life is unpredictable. Programme changes are obviously necessary, but changing even a small detail (even one word) is a formal change in the program. As such, it must be accepted and hence go through a long formal procedure, which also requires changing of national regulations and applications, etc. The problem is that legal procedures in Poland which seem sometime overambitious, e.g. every measure has its own national Measure Regulations and new amendments (regulations) are issued each time when something is changed

or new campaign is started, etc. The requirements for RDP were compared by interviewee with the ones for the structural programs where they are more simplified. There are only priorities defined in great details but not every single measure, indicators, etc. as in RDP, and they are agreed and accepted by the Commission. So there is some confusion why EC put different standards at different policies. Also an example with VAT was mentioned as an inconsistency in the rules of EC. For example in the RDP it is not eligible cost while in the structural funds programs it is eligible, which makes the latter programs more competitive sometimes.

The interviewees mentioned some other difficulties with programming, occurring at the stage of programme modifications. It was claimed that the changes are not always precisely explained/justified in line with the EU strict financial rules and even language is not always formally adequate (e.g. confusing "rate of co-financing" with the "aid intensity"). Sometimes when the changes are discussed, it is not national experts but politicians who participate in the working meetings, causing communication problems at times. Besides, it is important that programme modifications are duly justified, otherwise there is a risk of watering down the program in direction of passive measures. The risk is even greater because at the stage when Member State asks for modifications, the EC does not have a powerful legal position, i.e. it plays a advisory role actually, and cannot prevent the change that easy. This is in contrary, to the stage, when the program is approved, then the position of EC is strong, it may not approve the program. But it is not so strong once the program starts being implemented and the changes are voted over by Monitoring Committee, where EC is only one among many voices.

Some doubts were expressed as to the values of indicators (outputs, results and/or impact) which are written down into the RDP document. Some of the indicators seem too optimistic. Yet, the ex-ante evaluation of RDP (which should be helpful with this) did not provide any indicators. It was actually due to the fact that the TOR has not explicitly required them (assuming that this is implicitly understood as a integral part of evaluation). Hence, later when MARD asked evaluators for those indicators they did not feel obliged to provide them.

c) What has worked well and innovative suggestions for the future

Certainly *simplifications* in programming would be appreciated by the Ministry of Agriculture (MARD). However, it was said that quite often the Commission wants to simplify something else than the Member State (MS). From the point of view of the MS the simplification means giving more freedom to MS to decide about priorities and allocation of funds among measures during the program implementation, and changing more easily criteria for measures during the program implementation. Now, for example any changes above 2% of the initial budget allocation for a measure have to be approved by EC decision and Monitoring Committee etc. This leaves very small room for manoeuvre. Poland would prefer to have only frames within which it could act more freely. For example only obligatory would be the budget by axes and the inside allocation could be decided freely over time, then it would simplify the management. More freedom would also allow to better adjust to the changing environment (boom vs. recession, etc.). If RDP is not so detailed, according to interviewees more ambitious criteria would be adopted over the time of the project implementation – now, just in case it is better to use "safe" options. At the same time, interviewees mentioned, that what EC means by simplifying is different from MS viewpoint. It usually refers to some technical solutions which aim is to standardize and ease the life of MS. For example, RDIS Fin on-line system for payment applications was established by EC to simplify the procedures. There are pre-defined areas, e.g. for Axis 3 binding co-financing rate is set up at 75%. Hence, when Poland informed the EC in march 2010 that it wants to apply different co-financing rate for the Village renewal (measures 313/322/323), the problem arose because of

mismatch between the reality and electronic system. The solution was found, but it took some time and effort from both sites and it was perceived by Poland as a difficulty not as simplification.

As for particular *simplifications*, the MARD officials mentioned lowering the scope of the cross-checks, which are now too excessive and too costly. Controllability and the cost of controls must be taken into account already at the programming stage. There was example given on how EC makes the things unnecessarily complex and costly. Poland was paying within agri-environmental scheme to all farmers who used less than 170 kg of nitrogen per 1 ha. The use of mineral nitrogen was calculated approximately i.e. based on animals and indicators on how much nitrogen they produce which is a widely adopted measure. However, this was questioned by the EC, which demanded measuring samples of nitrogen in the soil, which according to Poland was not only very costly but also very biased (depended very much on the weather conditions during the sampling, etc.) so did not provide any estimate but made the things a lot more difficult. So it was perceived as no (or little) gain for much more effort and cost.

Flexibility could be improved drawing on the Structural Funds example. The RDP document could be more general. However, the eligibility criteria could be strict enough to assure good targeting, and they could be adjusted according to the development of the situation. More focus should be on the "ends" (outputs, results and impact) rather than on "means" (detailed specification of the measures which are difficult to adjust).

As a positive aspect it was stressed that the learning process was assured (learning institutions) and that the very good experts were involved in the programming of the respective measures. Only the calculation of the early retirement was criticised (done yet in the previous RDP) which became an excessive burden in the current RDP and may also be a burden in the future RDP. The miscalculation was blamed to not only due to the exchange rate differentials which were underestimated (assumed vs. actual) but also some incorrect assumptions taking for formulas.

3 Architecture of the policy: axes and measures

a) Who does what

The Polish RDP consists of 22 measures (not counting Technical Assistance), including a new measure adopted in 2010 i.e. 126- 'restoring agricultural production potential'. Axis 1 accounts for about 53% of total budget and includes 11 measures. The largest amount of funds within Axis 1 is devoted to measure 121-'modernisation of agricultural holdings' (35%), then to 123 – 'adding value to agricultural and forestry products' (28%) and to 113 – 'early retirement' (19%). Axis 2 absorbs about 22% of the budget and includes 4 measure, out of which the highest shares in the budget have 212– 'less favoured area support (46%) and 214 – 'agri-environmental program' (43%). The latter consists of 9 packages, among which the most popular are: Organic farming (P2), Protection of soil and water (P8), Extensive permanent grassland (P3) and Sustainable farming (P1). Axis 3 accounts for 20% of the pillar II funds, and consists of 4 measures, out of which the most financial aid is devoted to 312 – 'Establishment and development of micro-enterprises' (42%) and 321 – 'Basic services for the economy and rural population' (32%). Axis 4 – LEADER – absorbs remaining 5% of the funds and includes such measures as: 413, 421, 431 among which 413 – 'Implementation of Local Development Strategies' substantially exceeds the others, and accounts for 86% of this axis (see also the background sections).

The institutional architecture of implementing the policy is quite complex as there is a large-scale delegation of tasks and multiple and multidirectional links between all the participating institutions (this is explained in details in the next chapter). As the MA institution for RDP is the Ministry of Agriculture (MARD) so *the day to day management* takes place there in the Department of Rural Development. The measures related to land i.e. LFA, 214 (as well as Pillar I) are also managed by the Department of Direct Payments. The Ministry went quite many structural changes so the number and names of the departments evolved over time. Generally the final outcome of the changes was a higher consolidation of the Ministry's departments and more centralized management of the RDP. Such centralized approach to RDP does not require additional *coordination mechanisms*, as individual measures are handled within by individual Units within the Department. Currently the Department of Rural Development consists of the following units⁵: Non-investment Assistance; Investment Assistance; Local Development and Coordination of Cooperation with Local Governments; Non-investment aid and Cooperatives; Leader; Procedures and Control; Financing; Monitoring and Reporting; Evaluations and Analyses; Rural Development within Cohesion Policy and Committees; Information, Promotion, and the European Union and International Cooperation; and Central Secretariat of the National Rural Development Network

As for the *mainstreaming of Leader*, it was decided that Leader is applied to all measures of Axis 3 but one (321), as the latter has character of infrastructural investments which traditionally are decided by local self-governments (gminas/communes). Leader is applied to measures: 311, 312, 313/322/323 and to implementation of "Small projects". Axis 4 covers three measures: 413, 431, and 421. One change comparing to the previous LEADER+ as a pilot initiative was that it used to be implemented by FAPA and now this function is delegated to regional offices of ARMA and regional Marshal Offices.

b) Assessment of difficulties and how have they been dealt with

The main difficulties were reported in relation to Axis 4 Leader. As a mainstream the Leader became so much regulated that it lost its bottom-up flexibility and competitiveness as a rural

⁵ The names of the department are translated by the author of this report, as no official translation was found.

development funding source. For example the regional LAG representatives mentioned that in their Regional Operational Programme (kujawsko-pomorskie) support for micro-enterprises was much easier to obtain than from RDP because the conditions were easier to satisfy by the beneficiaries while the scope of aid was similar. So the LAGs expect higher interest in this measure when the funds within ROP will be finished. Besides quite often the amounts of support for micro-enterprises secured by the LAGs are insufficient and indicate that either only very small projects will be granted or very few projects (1-2 per region under the LAG).

The LAGs would like to be more involved in the application selection process, but there is an issue of undergoing through a rigorous accreditation procedure. The Marshal Offices seem to have nothing against sharing or delegating some of their duties with LAGs, and even proposed a pilot study among the best LAGs to see if they could formally meet the accreditation criteria.

Some weaknesses in architecture of the programme were mentioned in relation to 123 "Increasing the added value..." in respect to lack of good analyses and a possible dead weight problem. Some strengthening of this measure management at the level of MA was suggested.

c) What has worked well and innovative suggestions for the future

Despite of difficulties with Leader it was stressed that the number of LAGs increased to 338, which is well above the initially assumed number (200) and more than all LAGs in any other EU MS. They cover 93% of the eligible area in Poland.

Positively was assessed the range of the measures under the Leader, especially 313/322/323 "Village renewal and development" because thanks to this, self-governments became interested in the Leader and became more supportive towards it. What could be an *innovative solution* in the future is to treat the same measures differently depending whether they are within Axis 3 or under the LEADER. For example 'Village renewal and development' is a part of Axis 3 (313/322/323) but also is a part of Axis 4 (under measures 413). Hence it could be treated in a mainstream way under Axis 3 but in the old LEADER+ fashion under the Axis 4. Similarly could be treated measures 311 and 312 which are not only under Axis 3 but also under Axis 4 – 413. Then it is expected to see the difference how Leader approach generates different (better) policy outcomes.

4 Implementation procedures (application, selection, payments)

a) Who does what

The framework of the *authorities intervening in the implementation of RDP* consists of several institutions. The ones directly involved in the implementation process are: The Ministry of Agriculture and Rural Development (MARD), and the Agency for Restructuring and Modernisation of Agriculture (ARMA). Other implementation institutions are: Agricultural Market Agency (AMA), Foundation of Assistance Programmes for Agriculture (FAPA), and voivodship self-governments (within Marshal Offices). The *Managing Authority* is The Ministry of Agriculture and Rural Development (MARD) in accordance with Article 74 of Regulation 1698/2005. The Ministry is responsible for coordinating the whole programme and for monitoring its implementation. It leads the Monitoring Committee and also ensures compliance with the regulatory environment, including programme evaluation and reporting. The *Paying Agency* within the meaning of Article 6 of Regulation (EC) No. 1290/2005 is the Agency for Restructuring and Modernisation of Agriculture (ARMA). ARMA is also responsible for implementation of individual measures and for managing field inspections and controls. As specified in the Council Regulation 1698/2005, a Programme *Monitoring Committee* has been established for the RDP 2007-2013 and it has currently 26 Members and 7 so called Representatives who have not right to vote but have right to express their opinions.

The *set up of functions and division of labour* between the above authorities is quite complex. Many functions are *delegated* and there are many types of interdependences between the institutions. For example all tasks of Managing Authority (MA) related directly to implementation of given measures are delegated. Some tasks of Paying Agency (which were not delegated by MA to ARMA) are delegated to other institutions. As a result, institutions implementing given measures (except of ARMA) are responsible for tasks delegated both by MA and PA. However, such complex intuitional design was chosen to gain specific advantages. For example, an implementation of measures whose beneficiaries could be local governments and local groups was delegated to Voivodship self-governments. An implementation of measures being a continuation of the former programmes' measures or similar measures was delegated to institutions which have gained experience in the former programmes.

Out of 22 measures:

- 6 are implemented by Voivodship self-governments (in Marshal Offices) in all 16 NUTS2 regions (measures: 125, 313/322/323, 413, 421 and 431);
- 1 by the Agricultural Market Agency (133);
- 1 by the Foundation of Assistance Programmes for Agriculture, FAPA (133),
- and the remaining 14 as well as part of 413 are implemented by Agency for Restructuring and Modernisation of Agriculture (through regional and local offices).

Those 4 institutions deal with organization of application process for the measures they are responsible for. This division of labour is quite similar to the former arrangements, except that Leader was transferred from FAPA to regional self-governments (Marshall Offices, MOs) and regional offices of ARMA.

The interdependencies may be better understood if analysed with the table provided below:

Table: Institutional framework for implementing RDP in Poland

Delivery system of rural development policy in Poland

Measures	Ministry of Agric.	ARMA	Marshall Offices (MO)	FAPA	AMA	WG NRN
111	MA	PA		IE (DT MA) DT PA C*		
112	MA	IE (DT MA), PA R*				
113	MA	IE (DT MA), PA L*				
114	MA	IE (DT MA), PA L*				
121, 144	MA	IE (DT MA), PA R*				
123	MA	IE (DT MA), PA C*				
125	MA	PA	IE (DT MA) DT PA R*			
132	MA	IE (DT MA), PA R*				
133	MA	PA			IE (DT MA) DT PA C*	
142	MA	IE (DT MA), PA R*				
211, 212	MA	IE (DT MA), PA L*				
214	MA	IE (DT MA), PA L*				
221, 223	MA	IE (DT MA), PA L*				
226	MA	IE (DT MA), PA R*				
311	MA	IE (DT MA), PA R*				
312	MA	IE (DT MA), PA R*				
321	MA	PA	IE (DT MA), DT PA R*			
313/322 / 323	MA	PA	IE (DT MA), DT PA R*			
413	MA	IE (DT MA), PA R* LAGs suggest Project which may be (or not) supported by MO	IE (DT MA), DT PA R*			Appoint and direct the work of the Thematic Working Group for LEADER
421	MA	PA	IE (DT MA), DT PA R* LAG is a beneficiary			
431	MA	PA	IE (DT MA), DT PA R* LAG is a beneficiary			

MA - Managing Authority, **PA** - Paying Agency, **IE** - implementing Entity, **DT** - Delegated task, **WG NRN** - Working Group of National Rural Network, **C*** - Receiving and processing applications for aid by central office in Warsaw, **R*** Receiving and processing applications for aid by 16 regional (NUTS2) Offices, **L*** Receiving and processing applications for aid by 379 local (LAU1) Offices.

As shown in the table above, 4 different institutions deal with processing the applications at different territorial levels. All of them had to go through accreditation process for this. LAGs have no formal right to manage or verify applications, they only can suggest Project for financing in measure 413, but not always MO will support financially all of those projects, because it still needs to formally verify them and in case of some deficiencies in the application they may not be accepted even if previously accepted by LAGs.

Since the delegation from MA to various institutions is so extensive and that so many measures are managed at the regional or local level, some coordination procedures are needed. There are indeed coordination procedures in place, however there are some weak points in them. After Paying Agency delegated some tasks to regional self-governments, the Marshall Offices were put in some subordination vis-à-vis the President of the Paying Agency. However, from legal point of view they were still totally independent from each other so the subordination was in fact voluntary. So in practice, it is a good will of Marshalls to obey orders from Paying Agency. Not always it works perfectly. Another unclear situation is between FAPA, which implements the measure 133 "Vocational training...", and the MARD, as the latter refuses to reimburse FAPA for the costs it incurs paying this duty. The reason at least partially is the lack of legal base for this reimbursement.

b) Assessment of difficulties and how have they been dealt with

There are several difficulties in the implementation of the RDP remaining, but they are not concentrated in any particular axis⁶ or particular levels of the administration. *The general list of implementation difficulties* mentioned by interviewees includes:

- Changing the application forms and changing rules of processing the applications from call to call for applications;
- Electronic versions of application forms do not always work correctly (e.g. due to incompatibility of the operational systems, etc.);
- Lack of on-line application generators (so anyway the printed version has to be provided);
- Late accreditation of the PA (described in details in section on Controls), which caused a late take-off for some measures and long waiting for processing the applications for other measures which calls for applications organized before full accreditation;
- Not integrated ICT system within PA, and not unified between PA and other institutions;
- Timing of the calls for applications among the measures are not coordinated hence the often overlap, which causes some temporary overloads and hence, prolonged time of the applications' verification;
- Lack of in-advance plan of calls, so there are overlapping of calls, and piling up of the applications (although some provisional plan was recently created for current year it is not widely known);
- No transparent rules for the dates of the calls for applications in case of the most measures (announcing the calls at the last moment);
- Many controls and audits (internal from MA and external from EU) result in even higher complexity of the procedures in PA and MA, and higher requirements towards beneficiaries, just in case to be extra cautious.

⁶ The problems with Leader are mainly connected with its architecture rather than implementation, however the latter problems also exist, as a result of the Leader mainstreaming.

More details about those difficulties are provided in Annex 1 where they are presented based on examples of measures: 121, 214 and 321. Only some general comments on the aforementioned list are provided here.

The fact, that the applications can be submitted only in a paper form (there is no on-line submission system so far) causes inefficiency and unnecessary work (typing in what the beneficiary already filled in himself. In addition, in case of paper forms of applications the risk of possible mistakes during data processing increases. If there is an electronic application generator, it would not allow to type in obvious errors, and it would save time of public servants. Applicants could voluntarily attach an electronic version of an application but – since not obligatory – this does not solve the data processing problems (also a problem of a comparison of both versions accrues).

Another example is accreditation process of Paying Agency which was quite difficult and quite long for some measures. The full accreditation for all measures (incl. Technical assistance) was accomplished in November 2009. Some applications, however, were collected before the full accreditation so they had to actually wait for several months before they were even started being processed (this applies e.g. to 121, which is described in Annex 1).

It is difficult to assess to what extent aforementioned difficulties were due to *EU or Member State regulations*. In general it was said, that the strict EU rules and controls trigger even stricter national rules (just in case to prevent any possible penalties). This results in the complexity of procedures and controls at the level of MS. At the same time, MS is more to be blamed for the organization of the application process, ad hoc calls for applications, lack of supervision of the application process among the measures, insufficient IT systems, and long legal processes (each measure has its own National Regulation) they are more consequences of the Polish choices.

What has worked well and innovative suggestions for the future

In general the RDP implementation is assessed as good, in the sense, that the absorption level for most measures is satisfactory, and there is no threat of not spending the allocated funds. On the contrary, there are some worries that many measures will be finished much before the end of the programme.

Many simplifications were actually already implemented. For example in most cases different types of certificates that farmers had to obtain from various institutions and attach with the application are now replaced by the statements. This is thanks to the fact that now the PA has links with external databases of various institutions and can check the authenticity and correctness of the documents itself. Another simplification for the beneficiary is that he/she can submit the application which is almost empty. This is because there are only few mandatory information which has to be provided at the stage of application submission. Such applications are accepted for processing but later are requested to be supplemented. So in fact, in many cases it is enough to provide only name, measure/package, signature and the application will be accepted for further processing. Then beneficiary has time until he/she will be called upon to supplement the empty places. Usually there are 2 such supplements allowed per measure, and for each there is enough time allocated for beneficiaries (usually 14 days).

As for the future suggestions, it is worth to take into consideration some simplification of organizational structure for the implementation of the future RDP. It was claimed by one interviewee that coordination could be improved and much more cost-effective, if the implementation process is delegated only to ARMA and its regional offices instead of regional self-governments.

It seems that a better preparation for the accreditation process in the next programming period is needed. Those measures which obtained accreditation for this budgetary period should have simplified procedures of accreditation, since they already proved to be working well.

Currently, most of the implementation decisions are made on a daily basis. No long-term publicly available implementation plans are prepared. Such plans would help with more effective management of application calls (more effective human and financial resources management).

Delivery system of rural development policy in Poland

Some innovations are coming up, e.g. there will be some on-line application generators for measure 214. This measure has also a good system of pre-filled individual application forms which are sent by post to potential beneficiaries in advance before the calls for applications. The new beneficiaries are not receiving pre-filled applications. Hence, they just need to follow the standard procedure, so to download the application form themselves (e.g. from the ARMA's website) and fill it in from the beginning. For this measure the calls for proposals are at the same time each year and also the information campaigns are in place so there should not be a problem with remembering about the call and deadline anyway. In case of prefilled applications, it should be mentioned that they are not always ready to be sent. They quite often need to be amended by beneficiaries (since the situation could change from the previous year) but it is a good start and a signal to start thinking about application and collecting documents well in advance of the deadline. This system could be considered to be replicated as much as possible for other measures, although it is obvious that it is not always possible to use pre-filled application forms in more complex and less predictable or less repeatable measures.

5 Partnership principle (between EU and MS, stakeholders involvement)

a) Who does what

The most usual *relations between EU and MS* are between Country Desk Officers and head of Unit in DG AGRI and Directors and Deputy Directors of MARD. Apart from correspondence, calls and working meetings, there are also regular occasions for meetings, i.e. at the Monitoring Committee and at so called Annual Meetings organized by EC.

As for Partnership between national authorities and regional ones, there used to be regular meetings called "Conferences of co-operation" initiated by Ministry of Regional Development and organized by regional authorities (regional governors - Wojewoda). It was a forum where the Directors of Ministry of Agriculture (MARD) could meet on regular bases with Marshalls, local self-government officials, representatives of LAU1 and LAU2 regional units, representatives of other Ministries. This form of cooperation was finished at the beginning of 2008, due to some quarrels who should formally be hosting the conference, Marshalls or regional governors. Now officials of MARD participate at least in so called Convents of Marshalls.

Composition of the *Monitoring Committee* seems to be well balanced and based on the partnership principles. Hence, there are representatives of the most important public bodies as well as independent institutions dealing with rural development issues. It has currently 26 Members among which are representatives of: Ministry of Agriculture and Rural Development (2), Ministry of Finance (1), Ministry of Environment (1), Ministry of Regional Development (1), Ministry of Culture and National Heritage (1), Ministry of Economy (1), Ministry of Labour and Social Policy (1), Ministry of Higher Education (1), Office of the Committee for European Integration (UKIE) (1), The Chancellery of the Prime Minister (1), representative of Regional Governors (1), representative of Marshalls (1), Union of the Voivodships in Poland (1), Association of Polish Counties (1), Union of the communes (1), National Agricultural Chamber (1), National Water Management Authority (1), The National Council for Nature Conservation (1), representative of farmers' organizations (1), representative of agro-food processing companies (1), representative of industry associations (1), agri-environmental NGOs (1), Polish Rural Forum (FAOW) (1), Agricultural University (1), Association of Polish Banks (1). In addition, the MC includes 7 so called "Representatives" who have not right to vote but have right to express their opinions. Among them are: President of ARMA, Deputy Director of AMA, Director of FAPA, Director General representative of the European Commission, Deputy Director of Institute of Rural and Agricultural Development (IRWiR), Deputy Director of Institute of Soil Science and Land Cultivation (IUNG), and representative of Institute of Agricultural and Food Economics (IERiGZ).

The MC is called usually 4-5 times a year. Usually it is half a day meeting in Warsaw at the Ministry of Agriculture. However, once a year the meeting is away (out of Warsaw) and then it usually takes 2 days. Most of the regulations are voted in the circulation mode (i.e. distributed by email).

In LAGs, the partnership depends to high extent on involvement of public bodies. By law, the share of such partners cannot be higher than 50%. In 259 Polish LAGs, the share of socio-economic partners is about 50%, while only in 79 LAGs the share is 75%, which means that public bodies have only about 25% of the share. Some studies on LAGs show that out of all actors involved in LAGs, about 67% are representatives of social sector, 19% of public sector and 14% representatives of economic sector. As for the gender partnership, only in about 100 out of

338 LAGs the number of women in decision-making body exceeds 50%. So actually men prevails in majority of LAG's decision-making bodies.

The forms of *stakeholder involvement* include public consultations, individual or group meetings in MARD (including lobbying), joining National Rural Network, duty of expressing opinions (e.g. Polish Council of Agricultural Chambers gives opinions on legal documents when they are prepared) and general correspondence with MARD (open letters, postulates, complaints, etc.). Even from following the Ministry of Agriculture's website (where all major events and meetings of the week/month are reported) one can see that some groups are more active in meeting the Ministers than other. It is perceived that among the most active and influential ones are: Co-operatives and Agricultural Organisations⁷, professional producers' organizations (e.g. meat producers in particular), Polish Council of Agricultural Chambers, National Centre of Young Farmers' Union, and environmentally oriented NGOs. Especially the "environmental lobbies" (e.g. agri-environmental NGOs and Polish Rural Forum) are active, which is also visible at the Monitoring Committee, where even recently they manifested their disapproval for passing a resolution on "Natura 2000 measure" by means of written procedure.

The main structure of *National rural Network* (NRN) in Poland consists of the National Network Unit (in the Ministry of Agriculture and Rural Development) and 16 Regional Network Units (at Marshall Offices of voivodships) which are to ensure proper operation of NRDN. The Central Secretariat is responsible, among other things, for coordination of NRN works, coordination of creating and running the Networks' web page and facilitating contacts among the Network participants and inter-regional cooperation. The NRDN structure brings together administrative structures (at the local, regional and national levels) and other stakeholders that contribute to rural development and have a direct or indirect impact on a better use of EAFRD instruments. They include government administration bodies, *inter alia*, voivodeship, commune and poviat self-governments, branch organizations, cooperative organizations, agricultural chambers, institutes reporting to ministries, NGOs, research and development centres, state agricultural advisory units, nature conservation services, Local Action Groups as well as networks and partnerships thereof. To ensure the correct operation of the Network, the list of administrative structures and stakeholders engaged in rural development has been compiled. Subjects which play an active part in rural development and which express their willingness to receive and deliver information in this respect can be NRDN members. The prevailing forms of operating of NRN is through meetings, training courses, seminars and expert networks. Besides the Internet portal was created: <http://ksow.pl/en.html>.

b) Assessment of difficulties and how have they been dealt with

The *relations and exchanges* between the national level and the EU were considered by both sides as good. It is not always easy but it is effective in the sense that usually leads to finding good solutions in a good time. A good example is what happened in Summer of 2010, when Poland was severely affected by flood. Poland asked for introducing a new measure to its RDP (126) to deal with the damage. Thanks to a good cooperation between the Polish Desk-officer and MARD authorities the approval for the new measure came within weeks, while in a normal course of actions it could take months. So the partnership helped because in the emergency situation both sides (EU and MS) were able to cooperate quickly and effectively in a difficult matter such as RDP amendments. However, there are also examples when the Partnership fails.

⁷ They have even their representatives in Brussels together with Copa-Cogeca (<http://www.kolkarolnicze.eu>)

This is when substantive discussion is replaced by politics, and the normal code of practice of communicating via Desk Officers is omitted.

As for the relationship between national and regional level the interviewees indicated that the relationship between the Paying Agency (PA) and Marshal Offices (MOs) is sometimes challenging, mainly because PA has no legal power over MO. So if PA delegates some functions to the MOs, and asks for example for some changes within the MOs structure to deal with RDP, it has no real means to execute it. In other words, the subordination which is in the managing structure of the RPD has no reflection in Polish law (this subordination does not exist in fact). So, the fact, that subordination of MOs to ARMA is not really binding, yet still the cooperation between the two goes reasonably well, by itself is a proof that some Partnership is in place.

Partnership within Monitoring Committee gets mixed feelings. On one side, it works really effectively, so that Resolutions are going smoothly, but on the other side there is some instrumental approach to MC, as some interviewees mentioned. For example more and more Resolutions are carried out in the written procedure (of course small ones have to be so but more important would require calling a meeting and discussing not only e-mailing the regulations for signing), external Representatives have no voting right (but in previous RDP they had the voting right and it caused some problems as they were too often vetoing the Regulations). There seems to be clearly a trade-off between Monitoring Committee effectiveness and Partnership principle. On one side it should work effectively. On the other side, if the functioning is too automatic, the MC loses its ability to improve the programme. The stakeholders' involvement is generally increasing, as the general awareness of what can be achieved by involvement is also increasing. However, there is still a division between the passive public actors and the active one (among the latter certainly are environmental lobbies). Certainly some are more powerful than the others, which also depends to some extent by the ruling political parties.

According to some opinions, the Partnership within some LAGs is limited, due to the high dominance of the public partners, even if their share (by law) does not exceed 50%. Better situation in that respect is in the LAGs where the public participatory is at the level of about 25%. It is not, however, evident that limited partnership causes any real problems.

c) What has worked well and innovative suggestions for the future

Generally, the Partnership within the structures and between the partners described above is working reasonably well. Among the things which worked well the interviews mentioned e.g. competent Polish people working in EC as Desk Officers for Poland – this makes the communication easier because of language and good understanding of Polish reality. Between national and regional authorities things work better if political situation is favourable (e.g. Ministries from the same party are both in Ministry of Agriculture and Ministry of Regional Development, and/or when party ruling at the national level and regional level is the same, or at least good political alliances between the parties at the regional level are in place). Monitoring Committee works effectively thanks to giving the voting rights only to selected authorities.

As for some innovative suggestions for the future, one interviewee⁸ proposed different organization of Monitoring Committee, which, according to him, should work more in style of Supervisory Board like in big companies with public capital. Then the members of Monitoring Committee would have a higher level of responsibility, and they would be compensated for participating in the committee work. They would truly devote their time and effort, and would not treat participation in Monitoring Committee as a pure formality.

⁸ Other interviewees had no opinion on possible future innovations in operation of MC.

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As for increasing the partnership between MA and social actors, one interviewee suggested that people who sent their propositions/comments in the process of public consultations, they should receive some feedback from MA. They should be informed whether or not their propositions were taken into account, if yes – how, if not – why not and this should be also known by public. Currently, those Institutions/people who participated in public consultations of have not received answers and they are only listed in Annex 16 of the RDP document but without any indication what they proposed. Hence, it is not clear how the public consultations actually contributed to the modifications of the programme, how many opinions were taken into account, and how.

6 Implementation of integrated territorial development strategies (including Leader)

a) Who does what

Leader is the only integrated approach within RDP, but beyond it, there exist other ways of implementing integrated approaches to territorial development within other programmes. For example, Operational Program for Fishery has also Axis 4: Sustainable development of fisheries areas, where also groups of social and economic partners are implementing territorial strategies of development. Besides, within the 16 Regional Operational Programmes in Poland, one can find good examples of promoting integrated territorial development projects since more points are attributed to projects relying on various funds (not only EAFRD) and activating more social actors (more on that in the next chapter). The interviewees mentioned also groups of local actors which arose thanks to other EU programs and initiatives, when they were launched, e.g. Partnerships initiated within EI EQUAL, URBAN or Norwegian Financial Mechanism and EEA Financial Mechanism.

The interviewees pointed out that Leader itself does not necessarily assure an integrated approach. It is actually up to LAGs whether they decide to use one funding source or integrate more of them. In Poland, most of the LAGs decided to realise their LDSs using several programs (not only RDP) and funds. MARD was even giving more points during the selection process to LAGs which adopted the integrated (multiple funding) approach. The choice of LAGs was delegated by the Managing Authority to Voivodship self-governments (VSG). The Voivodship self-governments are responsible for calls for applications for all Axis 4 measures: 413, 421 and 431. The LAGs' selection procedure was based on criteria decided by the Managing Authority. These criteria are related to administrative and organisational potential of LAGs and a quality of Local Development Strategies in terms of:

- a) Relation and cohesion between the courses of action adopted in LDS and local conditions;
- b) SWOT analysis;
- c) Objectives of LDS;
- d) Agreement between the presented enterprises and the objectives of LDS;
- e) Integrated character of LDS;
- f) Innovative nature of solutions measures proposed by LAGs in LDS;
- g) Planned Measures under LAG ensured the participation of local partners and inhabitants in the process of preparation of LDS;
- h) Planned Measures under LAG ensure participation of local partners and inhabitants in the process of implementation/revision of LDS;
- i) Methodology of self-evaluation of LAG and the evaluation of LDS implementation and revision;
- j) Budget and schedule of actions covered by LDS;
- k) Connections with other planning documents and the impact on the development of the area covered by LDS.

So in fact the LDSs were ranked by the quality however, it did not decide about money distribution.

It is worth to mention here the main competences of LAGs (including also what they cannot do):

- Preparation of the Local Development Strategy;
- Dissemination of LDS assumptions;
- LAG, in cooperation with the voivodship self-government or paying agency sets the date for the application receipt campaign.
- LAG develops the contents of the call for application, which contains, inter alia, local criteria for the selection of operations to be financed. Implementing authorities cooperate with local action groups to provide

- LAG employees help the applicants to prepare the projects. The applications may refer to the projects eligible for support under Axis 3 measures
- The applicant submits an application for aid to a Local Action Group. LAG decides whether to select the project for possible financing under the LDS budget or not.
- As far as small projects are concerned, LAG evaluates the project in terms of compliance with the accessibility criteria set for small projects and compliance with local LDS selection criteria and objectives.
- Dissemination of information on the rules for granting aid
- LAGs cannot formally process any applications (they have no accreditation for that).

The Paying Agency for Axis 4, as for the whole RDP, is the Agency for Restructuring and Modernisation of Agriculture (ARMA). Applications for support and applications for payment submitted by LAGs for measures 421 and 431 are verified by the Voivodship self-governments. LAGs appointed by Voivodship self-government (VSG) realize the LDSs according to the given budget. They choose projects from submitted applications within the measure 413 up to the, however they do not decide whether the chosen projects will be in fact the ones which will be financially supported. This is because still the projects need to go through the formal application verification which is done by VSG not LAGs. The verification process of applications is long: 45 days in LAGs then 3 months (in the case of the measure "Village renewal and development") or 4 months (in the case of the measures "Diversification into non-agricultural activities and "Establishment and development of micro-enterprises") in Voivodship self-government.

Comparing LEADER+ as a pilot initiative with Leader as a mainstream, in the context of integrated approach, on one side the area coverage by LAGs and number of LAGs increased significantly (from 157 LAGs in the previous period to 338 in the current one). At the same time some bottom-up freedom is hindered now. More groups does not necessarily mean more integrated approach.

b) Assessment of difficulties and how have they been dealt with

Generally, the implementation of the Local Development Strategies (LDSs) is at the beginning of the process. Leader received accreditation as one of the last measures (in 2009) so only 0,1% of the limit is used within this measure (413) so far (see also the previous sections on mainstreaming the LEADER p.12). As an answer to the question whether the LAGs are *effective instruments in implementation of RDPs*, the officials from Paying Agency answered: "we will see in 2-3 years time".

The *main difficulties* in implementation of the LDSs from the point of view of the Implementing Authorities were:

- initially low quality of the LDS documents (most of them required clarifications and additions), changing legal basis (both at the EU and national level) which required changing implementing and payment procedures,
- application forms,
- controls of the soft-type of activities (e.g. trainings, cultural events, promotion of tourism, and other activities which quality is difficult to measure) in Leader are even more difficult.

The *main difficulties* in implementation of the LDSs from the point of view of the LAGs were:

- late launching of the Axis 4 (accreditation at the end of 2009),
- long processing of the applications,
- too restrictive procedures relative to size and types of small scale projects (soft measures with small budgets should be treated differently, in order to allow more flexibility and bottom-up approach; beneficiaries complained on requirement to have 3 offers for everything what they buy, even "pens and pencils", being asked for explanation why certain amount of cookies was bought, etc.),
- banning participation of informal groups (having no permission for legal actions) in the implementation of the "Small Projects" (participatory problem against the integrated and bottom-up approach),
- limited competences of LAGs in verification of applications within the Measure 413 (after the application is positively verified, LAGs are not involved);
- financial problems of small LAGs (e.g. with obtaining bank guarantees);
- general lack of social trust which leads to over-regulations.

Some of the aforementioned problems are explained now in more detail.

LAGs are not responsible for a verification of eligibility criteria, so it could happen that after 6 months a project chosen by a LAG would be rejected because of formal reasons by the Implementation Agency. According to the Mid-term evaluation, a long time needed for processing of applications of the Measure 413 is resulting in giving up projects submitted by beneficiaries. This is especially important for events which have specific dates related for example to holidays.

Another problem is related to a lack of influence of LAGs on verification of applications within the Measure 413. LAGs cannot influence for example the relevance of submitted projects to other activities of LAGs. Currently, LAGs are responsible only for organisation of calls for applications, an evaluation of compliance assessment with local development strategies and technical organization of applications' collection. However, changes in this field would require an extension of the LAGs accreditation, which is undesirable and practically impossible to implement for all LAGs. What is also important to stress the current organizational solutions lead to lowering the role of LAG in creating social capital. After the approval of financial support, LAG stops to be practically the main partner for a beneficiary and this role is undertaken by the Voivodship self-government and the regional ARMA office.

A former requirement of annual submission of applications was resulting in problems with planning and contracts verification, as well as in a high burden for LAGs employees (who were involved at the same time in submitting an application for payments for a given year and an application for support for the following year). Also a long time needed for processing of applications (usually ca. 3 months) was magnifying these problems. On the other hand, the amendment to Regulation on 431 introduced in August 2010 (allowing pre-financing amounting to 20% of the aid for the period 2011-2015) can lead to overestimation of needed funds by LAGs and hence unused funds will need to be pay back.

Since the eligibility criteria are based on indicator of population small LAGs have problems with financing of the current work of their offices.

c) What has worked well and innovative suggestions for the future

Several institutional, organizational and procedural changes were introduced since the beginning of the Axis 4 implementation. For example according to the MARD regulation from 12.09.2010

yearly submission of applications for support was replaced by a submission of applications for support for the whole financial period (till end of June 2015). According to the Mid-term evaluation, these changes can be evaluated as positive because they are beneficial both for entities involved in the management and implementation processes as well as for beneficiaries.

Among the positive changes were also broadening the list of the eligible costs after the LAGs' intervention. There were many interesting projects which included e.g. renovation of buildings and rooms adaptation, bank guarantees, and many others, which were included in the list of eligible costs. Two simplifications were introduced in 2010: LAGs do not have to apply each year for funding within measure 431 but only once for the whole budgetary period and another is that LAGs can get the pre-financing for their work (initially it was only cost reimbursement).

Local partnerships could be reinforced, and Implementing Authorities seem to have nothing against it, however it would require formal accreditation, if it includes formal processing of applications, controls, or payments. Some pilot study was suggested to check, whether LAGs are (or can get) prepared for this.

General position is that perhaps the previous Leader had too easy rules but this one is too strict, so some medium solution should be found, according to the interviewees. The future changes should go in direction of simplifying the rules while not losing any effectiveness. This can be done if there is more flexibility in funding procedures but more strictness in the evaluation of outputs. In other words, what is important is to establish what goals and outputs should be achieved and how much funds should be devoted to it. But the means (procedures), in which the goals are to be achieved should not be strict. On the contrary, each country or LAG should have bottom-up freedom to choose their way, as long as the financing is not exceeded and goals are achieved. At the moment, the means by which the goals are to be achieved are very much limited by procedures, rules, etc. So there is more thinking on how to obey the rules rather than how to achieve the goals. The whole bottom-up idea is lost, because it assumed initiating innovative processes of achieving the goals, and now those processes are subordinated to the bureaucracy.

7 Coordination of policies (coherence and complementarity with EU policies)

a) Who does what

Thinking about *coordination of the Rural Development Policy* with EU structural policies started before it was requested for RDP. It started together with creation of a main Polish strategic document National Strategic Reference Framework 2007-2013 (NSRF). At the beginning this document hardly dealt with rural development, in other words neither rural development nor agricultural sector were even mentioned amongst strategic objectives. Only at a later stage a new horizontal objective No 6 (Balancing growth opportunities and supporting structural changes on rural areas) was added into the NSRF -. It involved a great political effort and was perceived as a great success that Ministry of Agriculture and Ministry of Regional Development reached a consensus and support for rural areas was included into the document. After that, officials in both Ministries and representatives of regions had to find ways how to coordinate the regional, rural and other policies together (demarcation lines, coordination mechanisms and actual implementation of rural objective in the regional programmes).

The process of *coordination was organized formally* and the following *coordination instruments* are in place: 1. NSRF Coordination Committee (with representatives of the RDP MA and MA of the Operational Programme Sustainable Development of the Fisheries Sector and Coastal Fishing Areas); 2. ROP Monitoring Committees and Monitoring Sub-Committees of OP Human Capital; 3. Project cross-checks;. At the beginning an important role played working groups including representatives of two Ministries (Ministry of Agriculture and Ministry of Regional Development) and representatives of the 16 Voivodship self-governments. In this process so called "Co-operation Conferences" were regularly organised (which do not exist anymore).

Work on *demarcation lines* was started by MARD and it was conducted in a parallel manner with programming. It included a demarcation line within structural funds programmes and regional policy (a so-called general demarcation line) and a demarcation line with RDP and OP "Fisheries". Since RDP programming had been ahead of the programming of structural programs, the RDP very early specified them whilst the ROP were expected to adjust. In practice many later changes in the ROPs took place forcing the RDP to adjust. In December 2006 a first version of the RDP and OP "Fisheries" demarcation line was sent to the EC. In April 2007, a first version of a general demarcation line was sent to the EC. In July 2007 a unified documents entitled: "Demarcation lines between Operational Programmes of Cohesion Policy, Common Agricultural Policy and Common Fisheries Policy" was sent to the EC. This document specifies in detail the demarcation criteria, which are based mainly on: territorial range of activities, project value, type of beneficiary etc. The document, although necessarily evolving with experience, is an effect of agreements made by all institutions involved in programming the development for 2007-2013 including the National Strategic Reference Framework (NSRF) Coordination Committee, after several changes.

As for CMO, the coordination with the first Pillar of the CAP is defined at the level of EC legislation. According to it the intervention under the first Pillar takes priority of the second one. In other words, what can be eligible in both pillars, should be (as a priority) financed under the first one. Exceptions, if any, should be explicitly mentioned. The evolution of the First Pillar brought structural type of measures into several market regimes, thus necessitating specific demarcation lines and coordination mechanisms. The details of this intervention were largely decided later into the programming period (eg. 2010), which brought about the subsequent adjustments of the RDP.

National policies do not interfere with RDP, a national competence prevails as long as state aid regimes and co-financing rates are respected.

b) Assessment of difficulties and how have they been dealt with

According to the interviewees, at first *more ambitious approach* than just demarcation lines was adopted to policy coordination. It focused on finding synergies between the policies and instruments, and on integrating them the way which will be also ease beneficiary. The coordination talks also involved the debate on who at best can coordinate the integrated approach at the regional level. The issue of overlaps among interventions was perceived as an important issue but not primary. Avoiding overlaps was perceived as the issue which should be solved at the stage of granting the support, not as a starting point for coordination of policies. However, due to the fact that EC forced creating very rigid demarcation lines from the beginning, the coordination talks narrowed to almost exclusively issues of separating which fund will finance what. It was according interviewees very unfortunate, because this approach actually reverted the way they were proceeding and subordinated all support to the demarcations, instead of subordinating demarcations to the goals of support.

According to the interviewees the demarcation lines hindered the integration rural and structural policies (they are now rather separated than integrated) and causing unnecessary difficulties for the beneficiaries. After the demarcation lines became established, the officials from MRR and MARD lowered the cooperation because each policy had its own "territory" so there was no more room for cooperation after the separation. Since then the regional policies were perceived as those dealing mostly with urban areas in opposition to rural areas. Hence in structural programs evaluation criteria favoured the "scale factor" so e.g. more likely the financing would get road where more cars are passing, or hospital with more patients, etc. which is more likely in case of urban areas rather than rural ones.

It was claimed that demarcation lines are easy for bureaucrats but bring difficulties for the beneficiaries. In other words, *demarcation lines are effective in avoiding overlaps/double funding* as they clearly separate the policies. At the same time, the costs and consequences of such rigid divisions are shifted to the beneficiaries. As for the latter, in order for beneficiaries to have certain type of investments to be done comprehensively, very often they need to finance different parts of it by different funds which have different rules of the game and are impossible sometimes to be coordinated. For example, if someone wants to build a motorway which goes partially through urban areas and partially through rural areas it requires financing from separate funds (due to its localisation) based on different rules, similarly with internet, some parts can be financed from one fund while others from the other funds/programs.

As interviewees underlined, the demarcation line is not a tool for coordination but just a tool for accountants. Thus, in general *coordination of the policies* is not perceived as effective. It was also mentioned that also at the EC level the coordination between the policies has weakened in the legal framework (before there used to be the Community Support Framework). The higher coordination would be desirable if only because of the fact, that Axis 3 measures go beyond agricultural sector and regional aspects are gaining importance.

c) What has worked well and innovative suggestions for the future

Suggestions on how *greater synergies between the Funds* can be achieved is by attributing more points to the projects which clearly prove its complementarity with various funds. It does not mean that the beneficiary needs to take funds from various sources, but need to justify that his investment is not contradictory to priorities in other programs. For example such project would

need to show how the funding for "Village renewal" within RDP will be consistent with regional communication system built within Regional Operational Programme and the modernization of the railway line within the Operational Program Infrastructure and Environment. Or another example is a project which would construct a local road. Then beneficiary would need to show what is its complementarity with road built within Regional Operational Program and (if relevant) with roads built within Operational Programme Development of Eastern Poland and within Operation Program Infrastructure and Environment. If such procedures are not in place the infrastructure will be fragmented and will not comprehensively solve Polish transport infrastructural problems.

Suggestion for the future is to create multiple-funding projects with unified rules for a beneficiary. So for example, beneficiary submits a project which solves comprehensively a certain problem in certain territory. If he/she wants to build a school in rural areas, then it proposes also building a road to this school, training the personnel, building some other infrastructure promoting micro-enterprises, etc. Then he/she is offered a combined funding, so that he does not need to submit projects on parts of the total investment to different programmes (RDP, RPO, etc.). Of course it is difficult from the EC point of view but it would be much more integrated approach than it is now.

There are some positive examples on how Regional Operational Programs incorporate the integrated approach including support for rural areas. For example in Dolnośląskie voivodship minimum financial allocation for rural areas was assured. It was said that at least 38% of total funding in four implemented priorities has to be secured for projects in rural areas.

Suggestion for the future is also reinforce the coordination mechanisms for rural development especially for Axis 3 and Leader.

8 Monitoring and evaluation

a) Who does what

Monitoring of the RDP 2007-2013 is conducted by ARMA (i.e. Paying Agency for RDP) within the Department of Programming and Reporting. However, the monitoring data are collected at the stage of entering the information from the applications, so in fact it is done by many bodies: ARMA county offices, ARMA regional offices, ARMA organizational units, and entities for implementing the delegated tasks. The delegated bodies do not have the same IT system as ARMA. Thus, the delegated bodies fill in tables predefined by ARMA, and then ARMA enters the data into the information system. Data for monitoring purposes is organized at various levels, i.e. by measures, activities and priority axes. The monitoring system is also used for reporting to the Monitoring Committee and the European Commission. Reporting on programme's implementation takes a form of Annual Progress Reports prepared by MARD (with main responsibility of Department of Rural Development) based on ARMA monitoring tables..

There was a special group created responsible for the monitoring of the RDP with representatives from both the Ministry of Agriculture and ARMA and decided for which indicators data must necessarily be collected in the Agency, especially taking into account the CMEF indicators. If CMEF changed, of course, also these indicators were change in the monitoring system. The final result was a compromise between what is necessary and what is feasible. Many demands were satisfied and appropriate fields were introduced in application forms. Sometimes, some information which was needed but was not included into application forms, had to be collected after the application process (beneficiaries were obliged to bring certain information).

There monitoring system includes the payments reports. The reports during campaigns are ran even daily, so there is a good flow of information between MARD and ARMA in this respect.

The *monitoring data is available to evaluators* in form of descriptive reports and excel sheets. If evaluators need data which go beyond the pre-defined monitoring tables, they can ask MARD or ARMA directly for such data. This concerns for example cross-checking data, data on very disaggregated level, etc. This is not the data by beneficiaries, though.

Responsibility for evaluations is within Ministry of Agriculture in the Department of Rural Development, Unit of Monitoring and Reporting. The *evaluators are selected by tender* in line with public procurement law. There is a separate tender for each type of evaluation (separate for ex-ante, mid-term, ex-post) and separate TOR. The TOR specifies the rules for evaluation of the quality of the application. The firm or consortium of institutions which scores the most points wins and signs the contract for the particular evaluation.

National Rural Network does not play any particular role in evaluation process.

RDP is also a subject to in-house *ongoing evaluation* which is carried out in the MARD (in accordance with legislation governing the EAFRD) within Unit of Monitoring and Reporting. Each measure is analysed and evaluated for the use of MARD. The Managing Authority co-ordinates the analysis that occurs on an annual basis. Therefore ongoing evaluation is a joint process involving those divisions responsible for implementing individual measures within the programme and the Managing Authority, which has overall responsibility for delivering on the entire programme. The on-going evaluation is not a part of mid-term or ex-post evaluation which are carried out by external experts.

b) Assessment of difficulties and how have they been dealt with

The monitoring data is available to evaluators but it is not always available in the format that the evaluators would like it to be. The data is also not sufficient to cover all indicators and questions from CMEF. Some data, which seems obvious, is either impossible or very time consuming for ARMA to obtain because the IT system requires IT specialists to code the request. So there is a good will from the ARMA side but the IT is not very friendly. Also, sometimes monitoring reporting tables seemed a bit confusing for evaluators. For instance, they are quite often reported in a cumulative way, leading to misinterpretation at times. For example when all calls for applications are reported cumulatively for certain measures, it is impossible to see how many beneficiaries are for certain measures, or what is the stage of the payments for old vs. current calls for applications etc.

One problem raised, is that among selecting criteria for appointing evaluators price place too high role, 50% of the score depends on the price. Such a high weight given to the price proved before a tricky criterion, because very low price usually mean a very low quality - a lot can be promised at a low price but then it is not delivered. Such a situation happened in the previous evaluations. So there should be some feasibility criteria taken into account.

Monitoring process became more complex with higher number of delegated institutions, because first Paying Agency has to wait e.g. for Marshal Offices data to include them into the system. In addition, the system that ARMA has differs from the system that MO has.

Monitoring improved together with development of IT systems. The systems are now much better updated than it was at the beginning of the programme, when some information were outdated to few years back and did not reveal the current situation of the beneficiaries. However, still several IT systems which are used are not fully compatible with each other (i.e. IACS, OFSA and Registry of Farms). One obstacle in having good system is the fact that applications are not electronic. So they have to be typed manually by those officials who deal with processing the applications, who have to read the hand writing of the beneficiaries. This leads to some mistakes which come over at later stage and which need to be traced through out the system in a time consuming process.

According to the Mid-term evaluation, monitoring and reporting could be improved through development of ICT functionalities. Adequate expansion of information system would reduce the manual workload. Released in this way, human resources could be used for a more detailed analysis and evaluation of current data.

c) What has worked well and innovative suggestions for the future

It would be a good practice, if ex-ante evaluation provides some forecasted values for CMEF indicators. It would help the programming officials in writing the programme. In order to make it happen, each TOR for ex-ante evaluation would need to include such requirement otherwise the evaluators do not feel obliged to do this.

The relationship between the MARD and independent evaluators is good. Also the contract assures that both sides will be communicating and exchanging the information. Besides, both current consortium as well as the one for ex-ante evaluation is known to the MARD, especially since the leading partner is the same in both (AgroTec).

According to the interviewees, there is some experience sharing with evaluation of ERDF projects. The MARD officials participate in the so called "Academy of Evaluation" financed by Ministry of

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Regional Development and organized by University of Warsaw (EUROREG institute). The MARD officials are also invited to presentations of various evaluations.

Main suggestions for the future improvement of the monitoring system include modification of the IT systems. At the moment the programs are very inelastic. There are pre-defined templates of tables in which the data can be downloaded, and officials who use the system cannot easily change any features of those tables. They can only produce them the way that they are defined. So even for easy changes in the templates the highly qualified programmers are needed. It is not very user friendly system. It does not allow such freedom to extract the data and build the tables as in Excel. Extracting data requires coding procedures.

9 Control systems

a) Who does what

The most important institutions responsible for controls are: MARD (as a Managing Authority), ARMA (as a Paying Agency and Implementing Authority), General Inspector of Treasury Control (Certifying Body), and at the stage of accreditation it was also an external Auditor (KPMG).

MARD controls the delegated entities (PA, MOs, FAPA, and AMA), but not the beneficiaries. Those entities control beneficiaries usually based on announced visits in advance. After control the follow-up conclusions are sent to the controlled beneficiary. MARD can control regional or country divisions of the ARMA. ARMA has the most responsibilities in controls, including internal controls and beneficiaries. Its Inspection Department (On-the-spot Control Department) coordinates on-the-spot controls implemented by its regional units and other entities. It is also responsible for preparing beneficiaries selection procedures. In a case of investment schemes a minimum of 5% of expenditure must be the subject of on-the-spot controls, in case of agri-environmental measures 5% and 1% of the cross-checks. The specific requirements for on-the-spot controls of the specific RDP measures are publicly available. Agency has 16 regional offices and each has an On-the-spot Control Department. The workers from those departments are shifted between the regions where some regions are more overloaded with controls than the others and need additional workers. None on-the-spot controls are delegated to any third bodies, including LAGs. Only the taking of aerial pictures and satellite photos are subcontracted by ARMA to some third parties. ARMA then uses created orthophoto maps for further controls.

Undertaking of the on-the-spot checks is done by sampling. The minimum percentage of sample by measure is determined by Regulations. The samples are selected centrally (in the main office of PA) based on many criteria (e.g. type of investment, i.e. more focus is on big ones including buildings rather than machinery, etc.) for respective measures and regions, and they are based on the risk analysis. Some controls are also initiated due to external interventions (e.g. fire brigade reports cases of burning grass, etc.). The risk analysis is updated by data from the controls, so there is a feedback from controls.

The Certifying Body is the General Inspector of Treasury Control (Generalny Inspektor Kontroli Skarbowej) – a body independent from the Managing Authority and Paying Agency. The General Inspector of Treasury Control carries out the tasks with the aid of organisational units set up within the structure of the Ministry of Finance – Department for Protection of EU Financial Interests (Departament Ochrony Interesów Finansowych Unii Europejskiej). The Department is responsible for implementation of tasks of the General Inspector of Treasury Control within the scope of audit and control of funds deriving from the European Union budget and non-returnable funds from assistance granted by Member States of the European Free Trade Agreement (EFTA). The Department ensures that all the accreditation criteria are complied with, and that the Paying Agency's accounts are truthful, complete and accurate.

LAGs are also controlled by ARMA's officials the same way as other beneficiaries.

b) Assessment of difficulties and how have they been dealt with

Accreditation process of Paying Agency was quite difficult and quite long. It started in 2006 and ended in November 2009. The partial accreditations were granted over that time, so some measures were launched much earlier than others. The longest time for obtaining accreditation was for Axis 4 and new measures (i.e. those which were not in previous RDP).

The reason of prolonged accreditation process was that Ministry of Agriculture and Ministry of Finance could not agree on the scope of the accreditation - whether the accreditation should cover the whole application process (from processing the applications for aid to processing the applications for payments) or only a part of it, starting with processing of payments. The problem was solved with mediation by EC. The adopted solution was more ambitious (and it was the Polish decision) so accreditation covered not only Paying Agency but also all other Implementing Bodies. It was also decided that accreditation will be "measure by measure", not just general for the institutions implementing RDP as a whole. A negative side of this extended accreditation process was a delay in start of some measures, but positive effect was that the accreditation was done really comprehensively. This allowed better preparation of the system and increased its resilience to any invalidities.

The main drawbacks found during the accreditation were related to insufficiently developed IT systems. Since changes in such system required finding additional funds and lot of time, this delayed the accreditation significantly. But the positive effect was an upgrade of the system which otherwise would have been delayed for much longer, as there was a problem of financing it. So, when it was obligatory and the pressure on accreditation was high, the money had to be found for this.

For those measures which were in the previous RDP accreditation went easier and hence was received earlier but for others (those from SOP for Agriculture, Axis 4 and new ones) it lasted longer. The full accreditation for all measures (incl. technical assistance) was accomplished in November 2009 which contributed to late start of some measures (the steps of accreditation will be in Mid-term evaluation).

According to interviewees, many controls overlap over the time. For example Paying Agency can have at the same time control from MA, its own internal control and EC control. So intensive controls cause the effect of strengthening the rules by PA "just in case" not to be blamed for any deficiencies. Besides there is a perception that it is better to spend funds in more painful (for beneficiaries) way but be sure that beneficiaries will not have to pay back some of the money afterwards. Another perception is that the controls are relatively harder in case of the "softer" measures (e.g. including Axis 4, vocational trainings, etc.).

c) What has worked well and innovative suggestions for the future

IACS system (in Polish ZSZIK) is a key instrument in on-the-spot controls for area type of measures (LFA, agri-environmental measures, etc), and it has now quite updated information. It helps in selecting the spots for control, and it also is updated by feedback information (e.g. problematic cases), so it helps later in the recalculations of the risk assessment and influences the next selections of the farms for control across the country. The quality of data depends among the others on updates, farmers are obliged to quickly report changes, but it is not always the case (then they pay penalties). The system is not fully integrated with other information systems, e.g. OFSA, which is used for investment type of measures.

The effectiveness of the check is increased thanks to cross-checks, since at the same time few measures are checked. It is cost-effective way, but more demanding.

According to interviewees, on-the-spot controls have actually positive effect on beneficiaries. First, the beneficiaries really became more careful and aware of the conditions of the aid. Second, their unintentional mistakes are picked-up and corrected as well. For example if a beneficiary writes an incorrect number of the machine he bought, the control will find it out at the beginning. In this case the beneficiary would not pay a penalty.

Delivery system of rural development policy in Poland

According to representatives of the beneficiaries, the controls are not so much burdensome for farmers, and the latter get used to them, and understand that it is a part of well functioning system and as such is necessary. Some of the controls are pre-announced while some other can be ad hoc (the latter is allowed in case when PA is informed by person or institution about possible misconduct at certain farm or area). The controls are carried out by workers of PA, who are professionals in the field. They are assessed by beneficiaries as smooth and not cumbersome. Beneficiaries see some improvement in this respect comparing to previous RDP and the beginning of this one.

10 Obligations of beneficiaries/recipients of aid

a) Who does what

The obligations of beneficiaries in terms of application process, instructions that they obtain, documentation required, etc. differs from measure to measure. Some general rules are described below, but more detailed description based on example of three measures (121, 214 and 321) is provided in the Annexes below.

Farmers very rarely fill in the applications themselves. The percentage varies from measure to measure. For example it is much lower in case of measure 121 than in case of 214 (where farmers can rewrite information from agri-environmental plan prepared by specially assigned experts). So farmers have to *rely on assistance* which includes both public extension services (ODRy) and private extension services, where the former dominates over the latter. There are also advisory services provided by Agricultural Chambers but this is in minority of the cases. It was pointed out that actually the application document has no place to indicate who was filling in the application (or helping), only who is the contact person, so the full statistics on who is assisting farmers with their applications is not possible for that reason. When beneficiary is not a farmer but legal entity or associations (commune, LAG, etc.) they usually fill in the applications themselves without any help.

The *extension services* are widely available but they are usually not free and the prices differ. The beneficiaries would like to be able to put the cost of preparing application as an eligible cost in some measures e.g. 114 (Advisory services) but it is problematic. The range of eligible costs and the thematic scope of advisory services do not directly allow for it.

b) Assessment of difficulties and how have they been dealt with

Generally the representative of beneficiaries call for simplifications in the application forms, in attachments (reduce number of them, replace certificates with declarations, etc.), in instructions to applications (sometimes too large documents and too hard to understand). Besides the complaints included the eligibility criteria (e.g. allowing more types of beneficiaries, etc.), late announcement of calls for applications, constant changes in the application forms (once they learn one type, another is introduced next time).

Also a problem of VAT was raised. The public bodies cannot put VAT as an eligible cost under the RDP, even though this is possible in other EU programs (e.g. ERDF). This causes two problems, first they have to co-finance some measures in higher percentage more than it is officially written because they need to add additional cost of VAT. Second, they see inconsistency between the EU programmes (the same source – from their point of view – but different treatment).

Increasingly, internet becomes more and more popular among farmers who look for information on applications. However, still in majority of the cases, farmers prefer to call or come personally to talk about the details. ARMA's officials claimed that shortly before the deadline for applications they have to be on the phone all the time, and hence they have not time for dealing with other duties. This is especially difficult, when campaigns for different measures overlap. Then, on one side they have to be disposable for the farmers who call and come because of the new campaign, and on the other hand, they need to hurry up with processing the applications which they recently collected from other campaign.

Both representatives of farmers and officials agree that farmers rarely come to trainings and information campaigns. They are simply not interested, even thought that those services are for free, and they are well advertised so it is not a matter of not knowing.

According to interviewees, the farmers decide on participation in the call at the last moment. Now, when applications forms are allowed to be filled in only minimally to pass the pre-selection process, it happens more and more that some applications are almost empty, yet are accepted for further processing. This has two effects. On one side it increases the number of applications and increases a chance for many farmers to receive financing if they supplement later the application (they can do this 2 times, and they can ask for extension of the submission time, etc.). On the other side, it increases the work load of those processing the applications, because they have to write long letters to list what is missing (since all substance is missing) and it also makes the verification process longer. Usually there are 14 days for submitting supplementary information, but this time can be extended to 1 month, or under some conditions even to 6 months, on request of beneficiary. It quite often happens, as interviewees claim. Besides, if there are any additional circumstances (illness, court trials, or other objective problems) the extensions can be even more significantly extended.

Private advisors claimed that they have worse access to trainings than the public ones. It seems difficult from the legal point of view, how public training can be extended to private companies as there would be questions to which companies, for free or paid, is equal competition assured, etc. So this could be somehow regulated.

c) What has worked well and innovative suggestions for the future

Many simplifications were already introduced in case of various measures (e.g. one application form for LFA, Agri-environmental measures and direct payments, the fact that the form is sent pre-defined to potential beneficiaries, etc.). Interviewees mentioned that there exists a long list of all simplifications introduced so far which is on MARD's website⁹.

It would be easier if on-line application generators are introduced and function well. However, it was said that first farmers need to get used to computers before they can fully use it. So far, it would be a great simplification to beneficiary assistants as the on-line application can verify already some information (e.g. does not allow improbable entries, etc.).

⁹ I could not find it though.

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List of interviewees

EU level Officials

Name of official	Position	Date & place
Iwona Lisztwan	European Commission, DG AGRI, former long time Country Desk Officer responsible for Poland	16/11/2010 Brussels
Zbigniew Fafara	European Commission, DG AGRI, current Country Desk Officer responsible for Poland (since September 2010)	2/11/2010, Warsaw

National level Officials

Name of official	Position	Date & place
Mieczysław Paradowski	Ministry of Agriculture and Rural Development, current Deputy Director and a former Director of the Department of Rural Development	2/11/2010 Warsaw
Piotr Łysoń	Ministry of Agriculture and Rural Development, Deputy Director of the Department of Rural Development (just resigned)	29/10/2010 Warsaw
Bogdan Pomianek	Ministry of Agriculture and Rural Development, Head of the Analysts Unit within the Department of the European Union and International Cooperation (formerly in the Department of Programming and Analyses)	14/10/2010 Warsaw
Mirosław Drygas	Former President and Vice-President of the Paying Agency (ARMA), formerly Head of Department at the Polish Ministry of Agriculture and Rural Development, currently a Member of the Working Group for Country Network of Rural Development and Advisor to the President	6/10/2010 Warsaw
Edyta Wieczorkiewicz-Dudek, Artur Kukla and Przemysław Warecki	Agency for Restructuring and Modernisation of Agriculture (ARMA), Director of the Department of the Investment Measures (responsible for 121 measure) and her subordinates within the Department	29/10/2010 Warsaw
Michał Rybarczyk	Agency for Restructuring and Modernisation of Agriculture (ARMA), Deputy Director of the Department of Social and Environmental Measures (responsible for 214 measure)	26/11/2010 Warsaw
Dorota Łosewska	Agency for Restructuring and Modernisation of Agriculture (ARMA), the Department of the Delegated Measures (responsible for 321 measure)	26/11/2010 Warsaw
Marzena Cieślak	Agency for Restructuring and Modernisation of Agriculture (ARMA), the Department of the Delegated Measures, Head of the LEADER Unit	28/10/2010 Warsaw
Iwona Nurzyńska	Former Head of the Department of Programming and Reporting, Agency for Restructuring and Modernisation of Agriculture (ARMA)	13/10/2010 Warsaw
Andrzej Hałasiewicz	Deputy Director at the Foundation of Assistance Programmes for Agriculture (FAPA) – delegated managing institution	13/10/2010 Warsaw
Cezary Kuśmirek	Deputy Director at the Foundation of Assistance Programmes for Agriculture (FAPA) – delegated managing institution	13/10/2010 Warsaw

Monitoring Committee, Evaluators, Experts, Professionals assisting beneficiaries etc.

Name of interviewee	Position	Date & Place
Janusz Rowiński	Member of the Monitoring Committee of the RDP 2007-13 and formerly also RDP 2004-2006. Expert involved in MidTerm evaluation of RDP 2007-2013	5/10/2010 Warsaw
Łukasz Hardt	Expert on rural and regional development within the Prime Minister's Group of Advisors, former evaluator of rural and regional programs	11/10/2010 Warsaw
Beata Krzewińska and Waldemar Krzewiński	Private consultants, owners of the extension services company	9/10/2010 Warsaw-Lublin

-----Regional Level-----

Focus Group 1: regional level officials (Paying Agency), representatives of beneficiaries (Public Extension Servants) and stakeholders (Chambers of Commerce)

Name of participant	Function	Date & Place
Łukasz Kowalkowski	Regional office of the Agency for Restructuring and Modernisation of Agriculture (ARMA) in Kujawsko-Pomorskie	5/11/2010, Przysiek Kujawsko-Pomorskie
Joanna Łyjak	Regional office of the Agency for Restructuring and Modernisation of Agriculture (ARMA) in Kujawsko-Pomorskie	5/11/2010, Przysiek Kujawsko-Pomorskie
Paweł Winczorek	Agricultural Chamber in Kujawsko-Pomorskie region	5/11/2010, Przysiek Kujawsko-Pomorskie
Marek Radzimierski	Public Extension Services in Minikowo (KP ODR Minikowo), Kujawsko-Pomorskie	5/11/2010, Przysiek Kujawsko-Pomorskie
Tadeusz Sobczyk	Public Extension Services in Minikowo (KP ODR Minikowo), Kujawsko-Pomorskie	5/11/2010, Przysiek Kujawsko-Pomorskie
Ryszard Kamiński	Public Extension Services in Minikowo (KP ODR Minikowo) and Local Action Group, Kujawsko-Pomorskie	5/11/2010, Przysiek Kujawsko-Pomorskie
Adam Czarnecki	Expert on territorial and rural development, Polish Academy of Sciences, Institute of Rural and Agricultural Development	5/11/2010, Przysiek Kujawsko-Pomorskie

Focus Group 2: Local Action Groups (Leader), Self government (Gmina) and Marshal Office representatives

Name of participant	Function	Date & Place
Patrycja Butlewska	Local Action Group "Partnerstwo dla ziemi Kujawskiej"	5/11/2010, Przysiek Kujawsko-Pomorskie
Magdalena Krajewska	Self government Gmina Aleksandrów Kujawski	5/11/2010, Przysiek Kujawsko-Pomorskie
Alicja Zdziarska	Marshall Office, Department of the Regional Policy, Kujawsko-Pomorskie	5/11/2010, Przysiek Kujawsko-Pomorskie
Ryszard Kamiński	Local Action Group and Public Extension Services in Minikowo (KP ODR Minikowo), Kujawsko-Pomorskie	5/11/2010, Przysiek Kujawsko-Pomorskie
Adam Czarnecki	Expert on territorial and rural development, Polish Academy of Sciences, Institute of Rural and Agricultural Development	5/11/2010, Przysiek Kujawsko-Pomorskie

Annexes

Annex 1 Implementation procedures (application, selection, payments) – specific information related to the measures 121, 214, 321

----- Measure 121 -----

a. Questions related to the documentation available to the beneficiaries

The application documents are publicly available in an electronic format for example at the ARMA website (in Adobe Reader and Microsoft Excel). Application documents for support include: an application form (21 pages) and 8 different appendices (altogether 56 pages) from which the most difficult one is a Farm Development Plan (ca. 46 pages). Application documents for payments include an application form (19 pages) and 2 appendices. Beneficiaries can also apply for prepayment (and then they have to fulfil 5 pages application form).

The quality of applications is low. In almost all cases the applications require two supplementing procedures by beneficiaries. This extends the time of processing the applications significantly. However, it has to be stressed that the applications for 121 were already quite simplified (e.g. attachments do not need to be certified by beneficiaries, etc.).

Information campaigns are in place but according to interviewees farmers are rarely attending such information meetings. Besides, the campaigns are late as the information about the call for applications is announced at the last moment for this measure.

According to interviewees, the farmers are assisted in application preparations by public and private extension services, as well as the chambers of commerce to lower extent. Both public and private advisors consider the application forms as not so problematic, but they complained on the fact that they are modified from call to call and the applications are available at the last moment. Since the farmers want their services in the same time (and time is usually short) it causes seasonal overload to learn new forms (and new guidelines which themselves have now dozens of pages).

b. Questions related to eligibility AND selection criteria

The high share of used funds of the Measure 121 (a value of signed contracts exceeded 40% of planned budget at the end of 2009) reflects a good design of eligibility criteria from the point of view of beneficiaries. On the other hand this decreases the possibility of conducting application campaigns at the end of RDP 2007-2013 since the budget for this measure would be probably exceeded. In this case, extension of the budget would be a proper solution, (according to Mid-term evaluation).

Eligibility criteria were designed to allow for financing a broad range of different kinds of investment (including second hand machinery, etc.). This is probably why this measure is so popular among beneficiaries. However, a question arises whether the broad choice of investment kinds would not lead to financing investment of a low usefulness.

The goal of most of implemented projects is to increase GVA in farms. However, beneficiaries indicated in their application forms more often alternative goals as for example an increase in production quality or an improvement in production safety. This results from a complicated way to prove a GVA increase, which in addition could not be always demonstrated for a purchase of a new machinery or for a building modernisation.

At the end of 2009 a number of implemented projects was increased by 20% comparing to the planned target value for that year. It could be assessed as a success, however, it is important to mention that 1/5 of the farms realizing those investments have economic size smaller than 8 ESU. According to many economists, such farms are too small to survive in the long-term. So on one side, there are broad eligibility criteria related to the objectives of the measure (it includes modernisation of holdings, quality improvement, agricultural activity differentiation and harmonisation, production hygiene and animal welfare) but on the other side, high share of investments are small and concentrated in farms without long term prospects.

The regional funds allocation for the measure was decided on the basis of economic size of farms and utilized agricultural area in regions. According to this formula, the highest share of the measure's budget was allocated to voivodships of mazowieckie, wielkopolskie, and lubelskie. The lowest share was allocated to voivodships of lubuskie, śląskie, and opolskie. According to experts, such budget allocation is rational, taking into account the objectives of the measure (Mid-term evaluation).

Changes in the design of the eligibility/selection criteria:

The first regulation of the Ministry of Agriculture and Rural Development concerning the Measure 121 was adopted on 17.10.2007. In the following period additional five regulations of the Ministry directly related to the Measure 121 were introduced. They considered among others: restrictions on the number of applications forms to be submitted by one person (one or two if an investment was related to the introduced Nitrate Directive); possibility of including qualified costs incurred before signing the contract; introduction of a priority for investments within the Nitrate Directive in 2007 selection procedure; extending the maximum length of time from submission of applications to taking the decision from 4 months to 12 months for 2007 applications campaign.

The most important modifications were introduced within the regulation from 18.03.2009 concerning an improvement of selection process of applications in 2009. A rule of a random choice from all applications submitted within the deadline was introduced. In addition it was possible to send application forms by mail or to submit application forms at powiat offices (lower level administration offices) of ARMA. These changes allowed avoiding problems that from 2007 campaign. The first application campaign started very shortly (one month) after adoption of the first detailed regulation for the measure. Therefore, the selection process was not very well prepared. The most important problem arose from designing selection process of applications on a 'first come first served' basis. Farmers afraid of fast closing of the application campaign were standing in long queues and subscribing to so-called 'social lists' of applicants.

However, a rule of random choice could result in a rejection of correct applications. This is especially important for three voivodships, in which the Measure 121 was very popular: lubuskie, wielkopolskie and zachodniopomorskie voivodships. The rule of random choice of applications for assessment was criticised and therefore an adaptation of selection process for the following application call for applications (in 2011) was also necessary. The latest changes concerning selection procedure were introduced under the regulation of the Ministry of Agriculture and Rural Development from 29.10.2010. Within a new selection procedure, an order of support provision is decided on the basis of ranking of all applications submitted within a given period of time. The ranking is based on the economic size of farms (farms of 16-40 ESU would receive more points) as well as on the investment purpose (more points for projects resulting in GVA increase).

The latest changes were introduced also because of large regional differences between demand for support and planned financial allocations (see description below).

C. Questions related to the processing of applications

The Ministry of Agriculture and Rural Development is the Managing Authority for the Measure 121. The Agency for Restructuring and Modernisation of Agriculture (ARMA) is the accredited Paying Agency and is responsible for implementation of the measure. This includes also publishing the calls for applications. There are fixed deadlines of calls for applications. Up to the date there were two application calls for the Measure 121 (the first one starting on 09.11.2007 and finished when the information about demand exceeding 120% of available funds was publically published and the second one between 21.04.2009 – 28.04.2009).

Regional offices of ARMA are responsible for the collecting of applications; the assessment and the ranking of the applications as well as for the final approval or rejection of applications. The selection process was based on an order of submitted applications in 2007. In 2009 the selection process was conducted on the basis of random choice from all submitted applications. According to MARD regulations a specified maximum length of time from submission of applications to taking the decision amounts to 4 months (in the 2007 applications calls the maximum length was extended due to delays with the measure implementation). In 2011 the selection process will be based on ranking of submitted applications (description below).

Due to the problems with accreditation of ARMA, at the beginning of the Programme it was possible only to submit applications. The call for applications and collecting the applications started in 2007, but the processing of applications had to wait until the full accreditation of ARMA for this measure in 2008. In addition, an unfortunate organisation of application calls for a few measures (including the Measure 121) at the same time decreased organisational efficiency of regional ARMA offices.

The delays in the processing of applications can be also shown by analyzing a ratio of signed contracts to submitted applications for the 2007 application call for proposals. At the end of 2008 this ratio amounted to ca. 20% on average, while the value was the lowest in Łódzkie voivodship (1%) and the highest in zachodniopomorskie voivodship (32%). At the end of 2009 this ratio amounted to ca. 79% on average, while the value was the lowest in Łódzkie voivodship (68%) and the highest in podlaskie and opolskie voivodships (86%) (based on Mid-term evaluation). For the 2009 application campaign the ratio of signed contracts to submitted applications amounted to ca. 77%. This shows that the problems which aroused at the beginning of the measure implementation are being currently solved.

According to several experts, an interest in the Measure 121 is very high and the number of received applications exceeded the expectations. Despite only two application campaigns conducted up to the date (at the end of 2007 and in the mid 2009) a total value of support requested by applicants exceeds 80% of total budget of the measure. A number of signed contracts and a value of signed contracts (over 40% of planned budget at the end of 2009) are also very satisfying.

However, there are regional differences. During the first application campaign in 2007 these differences were not significant. A value of average applied funds amounted to ca. 97% of planned budget, with the lowest value of ca. 95% in Łódzkie voivodship and the highest – ca. 102% in dolnośląskie voivodship. However, during the second application campaign in 2009 the regional differences were significant showing high discrepancies between the demand from beneficiaries and planned regional allocations. A value of average applied funds amounted to ca. 101% of planned budget, with the lowest value of ca. 60% in lubelskie and podkarpackie voivodships and the highest – ca. 261% in zachodniopomorskie voivodship. These differences reflect the agrarian structure in Poland. In voivodships characterized by a large average size of farms (zachodniopomorskie, lubuskie and wielkopolskie voivodships), the demand for funds was higher than planned financial allocations. In voivodships characterized with a large share of economically unviable farms the value of average applied funds was lower than 2/3 of planned financial allocations. A lack of regional differences in the 2007 application campaign could be also explained by a different selection process of applications than in 2009. The 2007 application campaign started on 09.11.2007 and was conducted until

information about demand exceeding 120% of available funds was publically published. It was finished already on 10.11.2007 in voivodships: dolnośląskie, kujawsko-pomorskie, lubuskie, pomorskie, opolskie, warmińsko-mazurskie, wielkopolskie and zachodniopomorskie. While in lubelskie voivodship the application camping was conducted until 13.12.2007. During 2009 application campaign all applications were collected within a given period of time, and then a random choice of applications was conducted to decide about an order of support provision (Mid-term evaluation).

According to ARMA officials, the quality of the applications is low, and they always require submission of several clarifications and additions. There might be also a problem later on in calculating a real value added from the investments declared.

d. Questions related to the processing of payments

ARMA is responsible for the processing of payments.

There were significant delays in the processing of payments. The delays were caused by the problems with accreditation of ARMA. At the beginning of the Programme in 2007 it was possible only to submit applications. Only after finishing the full accreditation process for this measure in 2008, a verification of applications and first payments were started. Payment process within this measure is usually not very fast, comparing to other measures. It is especially so for large types of investments and construction type of investments, but it is easier and shorter for buying machinery (because fewer documents are needed and they are easier to check). The reasons why payments may be delayed is due to the fact that beneficiaries either do not submit the proper documents after the investment is done or they carried out investment not fully obeying what they declared in the initial proposal. For example, in many cases the cash payment is not allowed, but beneficiaries do this and then the problem arise how to reimburse such costs. Another example is that the beneficiaries change their investment, it is larger or smaller, and then again there is a delay because more formalities are involved in deciding whether they can be reimbursed for this or not.

----- Measure 214 -----

a) Questions related to the documentation available to the beneficiaries

The application documents are publicly available in electronic format for example at the ARMA website (in Adobe Reader and Microsoft Excel). The total number and 'size' of the various documents to be filled by the beneficiary is the following: a general application form (7-8 pages) with 2 appendices (ca. 30 pages including Agri-environmental Activity Plan). Additional several appendices have to be filled in depending on a chosen package.

An assessment of applications in Package 2 Organic farming depends on an approval of this kind of farming by a certification agency. Some difficulties could be caused by a necessity to obtain several documents (including certification documents) from other institutions by potential beneficiaries.

b) Questions related to eligibility AND selection criteria

According to mid-term review eligibility criteria are closely linked to the objectives of the measure (i.e. the improvement of natural environment and rural areas). However, financial plans for package 9 (Buffer zones) should be again calculated and revised. Beneficiaries' interest in this package is the lowest (ca. 1%) (Mid-Term, p. 259).

A comparison of value of payments within this measure in 2007-2013 RDP and 2004-2006 shows that there are significant changes in the interest of beneficiaries in given packages. In 2004-2006 RDP the highest share of budget was spent on the package K01 Protection of soil and water (55%) while in 2007-2013 RDP the highest share of budget was spent on Package 2: Organic farming (27%) (Mid-term evaluation, p.266). See the table below for comparison of all packages within both RDPs.

Table: Most popular packages within 214 measure (budget shares in %)

Packages:	RDP 2007-2013	RDP 2004-2006
Protection of soil and water	23%	55%
Organic farming	27%	24%
Sustainable farming	22%	
Extensive permanent grassland	23%	17%
Remaining packages	5%	4%

c) Questions related to the processing of applications

The Ministry of Agriculture and Rural Development is the Managing Authority for the Measure 214. The Agency for Restructuring and Modernisation of Agriculture (ARMA) is the accredited Paying Agency and is responsible for implementation of the measure. This includes also publishing the calls for applications. There are fixed deadlines of calls for applications. Up to the date there were three application calls for applications (between 15th of March and 9th of June in 2008, 2009 and 2010).

Poviat offices of ARMA are responsible for the collecting of applications, the assessment and the ranking of the applications, as well as for the final approval or rejection of applications.

According to the data of the MARD (from 31.08.2010) the share of the funds spent amounted to ca. 27%. A ratio of approved decisions to submitted applications amounted to ca. 68% and a ratio of value of approved decisions to a value of submitted applications amounted to ca. 67%.

In the years 2007-2009, 254 348 applications for payments were submitted, while in 2008-2009 - 191 116 applications. These numbers include both new obligations as well as those being a continuation of obligations within RDP 2004-2006 and RDP 2007-2013. A number of new applications (declared new obligations which means actual beneficiaries) in 2008-2009 amounted to 38 586. A dynamics of submission of new applications was significantly different in different years: in 2008 there were 21 717 applications and in 2009 – 16869 (78% of those from the previous year). In 2010 the number increased amounting to ca. 26000. The smaller number of applications in 2009 was resulting among others from a later realisation of a few schemes (an implementation process of schemes 4, 5 and 6.3 started in 2009). This was caused by a necessity of preparation of relevant environmental expertises for schemes 4 and 5 in a former year (2008).

There are regional differences in submitted applications. Number of submitted applications in 2007-2009 was the highest in the following voivodships: lubelskie (36 834), wielkopolskie (25 821), mazowieckie (24 572) and świętokrzyskie (20 991). The lowest interest in this measure was in śląskie voivodship (4 273). This can be explained mainly by agrarian structure, and hence the number of eligible farms and land in those regions.

According to the Mid-term review, application forms are assessed proficiently according to schedules, approved procedures and legal regulations. The main reasons for rejection of applications are late submission and lacking qualifications.

There are some delays in the assessment of applications for packages 3, 4, 5 and variants 2.3 and 2.4 which are caused by a necessity of a verification of a declared former use of an area as permanent grassland. In addition, an assessment of applications in Package 2. Organic farming

depends on an approval of this kind of farming by a certification agency. Some difficulties could be caused by a necessity to obtain several documents (including certification documents) from other institutions by potential beneficiaries.

At the beginning of the 2007-2013 RDP implementation, a problem aroused from an insufficient number of specialist assisting farmers with preparation of application form appendices for example environmental assessment).

d) Questions related to the processing of payments

According to the regulation of the Ministry of Agriculture and Rural Development from 28.02.2008 which specifies the detailed conditions for implementation of the Measure 214, an application for payment is processed by a poviat-level office of ARMA between 1st October and 31st December of a given year, in which a beneficiary submitted an application form. The first payment is made within 12 months from the beginning of realization of agri-environmental obligation, and subsequent payments – till the last day of February of years following the year of the submission of an application for a subsequent payment. According to the current level of contracting and payments it can be assumed that a planned budget allocation will be fully used.

According to the Mid-term review the current implementation systems allows for effective realization of the measure. However, an organisational improvement – a limitation of implemented packages and variants – is recommended.

In Managing Authority there are only about 5 employees dealing with environmental issues related to farming activities. Similarly, there is a shortage of employees responsible for the measure 214 also in Paying Agency, especially in the central office, where 9 persons only deal with the implementation of this measure (and all its packages). However, the small number of people do not result in any delays or any problems with implementation of the measure.

----- Measure 321 -----

a) Questions related to the documentation available to the beneficiaries

The documents are available in electronic format for example at the ARMA and Voivodship self-governments websites (in Adobe Reader, Microsoft Word and Microsoft Excel). Application documents for support include application form (12 pages with declaration forms) and several appendices (for example declaration forms depending on a type of beneficiary, appendices concerning construction works). Application documents for payments include application form (6 pages) and 14 types of appendices (for example photocopies of invoices, acceptance protocols, etc.).

b) Questions related to eligibility AND selection criteria

The main regulation of the Ministry of Agriculture and Rural Development concerning the Measure 321 was adopted on 01.04.2008. This regulation characterized the eligibility and selection criteria. The decision about support is based on ranking of the applications. For this measure eligible are communes (LAU2 regions called gminas) of the following types: rural commune, an urban-rural commune, except for towns having population of more than 5 thousand, or an urban commune, except for towns having population of more than 5 thousand. Priority is given to the communes (gminas): with the lowest level of income per inhabitant; the highest unemployment rate, and the lowest level of technical infrastructure. Therefore, eligibility criteria clearly favour regions with the lowest level of development and are related to the objectives of the measure (i.e. improvement of basic services in rural areas, which will contribute to improvement of living and business conditions).

According to the MARD regulation adopted in November 2009, the regional funds allocation for the measure was decided on the basis of total area of a voivodship, number of rural inhabitants and number of inhabitants of small towns (up to 5 thousand inhabitants). According to this formula, the highest share of the measure's budget (over 350 million PLN) was allocated to voivodships: lubelskie, małopolskie, mazowieckie, and wielkopolskie.

A large share of funds will be allocated to communes of higher level of development, for example in wielkopolskie voivodship. However, the reason for that is not a wrong design of the eligibility criteria (which, as mentioned above, are more favourable for poorer communes). The main reason is a requirement of investing own funds, which is a barrier for infrastructural investments in poorer communes having lower incomes. This however could result in increasing discrepancies between communes which could also influence their economic development (Mid-term evaluation, p. 342).

There are regional differences in the interest in the Measure 321. However, in most of the voivodships a value of signed contracts exceeds the planned budget. For example in voivodships of wielkopolskie, świętokrzyskie, śląskie, podkarpackie, lubelskie and dolnośląskie. In some voivodships the interest of beneficiaries is lower for example in zachodniopomorskie voivodship (a value of submitted applications amounted to ca. 87% of planned budget and a value of signed contracts amounted to ca. 65% of planned budget). Therefore, some changes in budget allocations could be considered.

c) Questions related to the processing of applications

The Ministry of Agriculture and Rural Development is the Managing Authority for the Measure 321. The Agency for Restructuring and Modernisation of Agriculture (ARMA) is the accredited Paying Agency. Voivodship self-government is responsible for implementation of the measure. Voivodship self-governments are responsible for calls for applications (they decide about the date and place of application calls for applications). They are also responsible for the assessment and the ranking of the applications, as well as for the final approval or rejection of applications and contract signing with beneficiaries. According to the MARD regulation from 01.04.2008 a maximum length of time from submission of applications to taking the decision amounts to 3 months.

A decision that Voivodship self-governments are responsible for implementation of the Measure 321 is highly evaluated by experts. Self-governments at this level are responsible for economic development of regions, which depends on technical infrastructure development (also technical infrastructure for which provision communes' local governments is responsible). In addition, Voivodship self-governments are responsible for spatial planning at regional level (Mid-term evaluation, p. 345).

Changes in processing of applications were introduced since the beginning of the Programme. One of the changes was related to postponing a verification of own funds' guarantee from the first stage (i.e. a verification of an application for support) to the second stage of the verification process (i.e. a verification of an application for payment). This allowed shortening the length of time from submission of applications to taking the decision and therefore contracts could be signed faster. This change was evaluated positively by experts who were pointing out that the support within this measure is a refunding of incurred costs. Another change in processing of applications was related to allowing beneficiaries to start public tenders before a submission of an application for support. This change was also positively evaluated since it also allows for shortening the length of time from signing contracts to receiving payments. (Mid-term evaluation, p. 344).

Till end of 2009 the value of signed contracts amounted to ca. 2,6 milliard PLN (i.e. ca. 40% of the planned budget). Till mid of 2010 the value of signed contracts amounted to ca. 5.2 milliard PLN (i.e. ca. 80% of the planned budget). This shows that processing of applications is at the satisfying level.

d) Questions related to the processing of payments

Delivery system of rural development policy in Poland

Voivodship self-governments are responsible for processing of payments. According to the MARD regulation from 01.04.2008 a maximum length of time from submission of applications for payment to making a payment amounts to 3 months.

The beginning of payments for this measure was planned for 2009. However, no payments were made in 2009 and till end of August 2010 only 0.65% of total budget was used. Such a low level of payments results from the specificity of communal investments, which have to be realized according to regulations concerning public orders and for which time of investment realization is usually long.

It is also important to stress that a high level of funds use depends on pre-financing regulations. According to the law from 22.09.2006 (on payments initiation from the European Union funds) local governments could apply for a pre-financing from national budget for financing qualified costs of related project. The pre-financing has a form of a credit, which – after receiving payments from the Paying Agency – is repaid by the beneficiary. Pre-financing is especially important for communes of lower incomes. In many cases such communes would not make an investment because of lack of funds and/ or cost of commercial credits. Up to the date ca. 500 contracts for pre-financing were signed.

The number and value of signed contracts allows to state that the planned budget will be achieved. It is also suggested in Mid-term evaluation to increase financial allocation to this measure. This could be achieved by a transfer from measures for which use of planned budget is of low probability.

However, planned indicators (21 thousand projects) seem to be too ambitious. Up to the date only ca. 2 300 applications for support were submitted. Local governments are trying to benefit from a scale effect and are preparing less projects but of a relatively high values.

Annex 2 Obligations of beneficiaries – specific information related to the measures 121, 214, 321

----- Measure 121 -----

a) Who does what

Out of three specific measures analyzed, 121 have the most difficult application forms and according to interviewees almost never farmers fill them in themselves. Farmers are mostly assisted by public ODRy (Agricultural Advisory Centres), private advisors and Chambers of Commerce.

The beneficiaries complain about complexity of the application forms and many large documentation burden. They noticed simplifications mostly in the payment forms but not so much in the application forms.

After receiving an information about an approval of the application, a farmer is obliged to submit an application form for payments. According to the regulation of the Ministry of Agriculture and Rural Development from 17.10.2007, an application for payment is processed within maximum 3 months.

b) Assessment of difficulties and how have they been dealt with

Too many requirements in this measure results in a poor quality of the applications, in the sense that the applications almost never have all the papers (including submitted documents) right. The most difficult part is the Business Plan, and especially calculations of investment's impact on increase in the gross value added. Another problem is with long time of verification of the applications.

Another problem is with late announcements of the calls for applications, and application forms are available just with opening the call, but it would be much easier if they are known in advance.

High demand for this measure together with the adopted rules of applications' selection (in 2007 'first come first served' and in 2009 random choice) caused two types of problems. "First come first served" system caused such a long queues that people would have to stand overnight in order to submit their applications. Hence people started creating so called 'social lists' by themselves. Social list is an invention from a socialist time, when long queuing was a daily routine. It is an informal lists kept by trusted persons who register the people coming to the queue in the actual order of coming (first come first served). It allows people to lower the physical burden of queuing since they are listed "on the paper" so they can go home and come back about the time when their turn comes, so they do not need to physically stand all the time to keep up with the queue. Some other problem was with random choice system of collecting applications – it was a sense of some injustice, i.e. good projects could have been dropped since the process was a blind choice, so sheer luck decided about being financed or not.

c) What has worked well and innovative suggestions for the future

Large scope of the eligible investments allowed. The ranking of projects according to the priorities brings hope that the targeting will increase. It should not make the process longer because the ranking criteria will be set up in the IT system, so the sequence of the project will be established quickly.

----- Measure 214 -----

a) Who does what

In case of this measure, farmers need assistance with preparations of Agri-environmental Activity Plans. It is available now but used to be limited in certain regions – see below. More farmers than in case of 121 try to fill in the form once they have the Activity Plan ready, but still this is only in the case of the best farmers.

b) Assessment of difficulties and how have they been dealt with

Difficulty with Package 6 (Preservation of endangered genetic plant resources in agriculture) and Package 7 (Preservation of endangered animal genetic resources in agriculture) is that they are not perceived by farmers as a good value for money, i.e. too low support to cover the costs. Difficulty with Package 4 (Protection of endangered bird species and natural habitats outside of Natura 2000 areas) and Package 5 (Protection of endangered bird species and natural habitats in Natura 2000 areas) is that they require submitting complex agri-environmental expertise, which farmers need to order, which is costly and time-consuming. Costs are reimbursed only if application is accepted, so it bears too much risk according to farmers.

At earlier stage, there was deficiency of the certified experts eligible for preparing Agri-environmental Activity Plan. Now they are more available as more people acquired the certificate for these services and there is a good database of certified experts in ODR Brwinów.

Another problem is with many modifications of the regulations for the measure, too many changes, even for the sake of simplifications, are annoying to farmers and Chambers of Commerce which have to issue opinions on each legal regulation after consulting with farmers (for which is no time in reality).

c) What has worked well and innovative suggestions for the future

Significant simplifications include: combining the application form for 214 with LFA, and direct payment, receiving the pre-defined applications sent in advance (personalization of the application forms), earlier announcements about the dates for calls of applications (always at the same time of the year).

Advisors clearly see the evidence of learning process among farmers thanks to this measure. They learnt more about most efficient land management, they learnt how the best set-up the rotation, environmental awareness also increased.

According to beneficiaries the financial crises had no effect on this measure.

----- Measure 321 -----

a) Who does what

Beneficiaries of this measures are defined as "Gmina (commune) or organisational unit for which a local government unit performing tasks defined in the Scope of aid is the organiser". They claim filling in applications themselves without any need for assistance.

In the region analysed (Kujawsko-Pomorskie) the application is prepared within the Marshall Office, in the Department of fundraising, cultural and community development. The application forms are taken from the website, and no problems were reported with them, they are simple for the beneficiaries.

The beneficiaries did not encounter any specific problems. They know who is responsible for the verification of their project and can contact the person.

If the project is accepted the beneficiaries need to send the documentation for signing the contract, and the planned schedule of payments. If the project is not rejected they receive the letter which explains why it is so, and how they can proceed if they do not agree with the verdict.

Most of the funds is used for the implementation of water and wastewater investments, reflecting continued in rural areas deficiency of these elements of technical infrastructure.

b) Assessment of difficulties and how have they been dealt with

One difficulty for the beneficiary is that already at the stage of application submission there has to be a full documentation submitted including building permits, etc. This is an over cautious approach from the side of implementing authority (IA), because the building permit is mainly required in order to prove that the investment will take place in the claimed area, but there could be easier solutions for that, as the interviewees claim.

Since this measure deals with large scale investments they need to undergo long and strict procedures, which are time consuming and also problematic sometimes (e.g. when the contractor selected in the process is questioned by other, non selected contractor, etc.)

One difficulty encountered by Implementing Authority is that the selection criteria for the projects are evaluated based primarily on the location of the investment and the socio-economic situation of the investor but not on quality of the projects themselves. The higher points are given primarily for poor socio-economic situation in a given areas (based on such indicator as income per capita in a community, unemployment rate, etc.) but there are no points attributed to the quality of the project. It leads to the situation that actually poor municipalities are subsidised no matter what is the quality of their projects, while good projects, if they are located in more favourable area, have to be declined sometimes. On the other hand, the selection criteria attributed more points to gminas which declared higher co-financing rate of the investment, so in fact that favours more wealthy communes.

Another problem, already mentioned before, concerns VAT, which in case of communes has to be paid for most goods and services so in fact they have less of the funds (after paying the tax) for investments than they obtain – the difference between gross and net funds is substantial because the VAT rate is now 23% for most goods and services (it was 22% before). Yet, it is not an eligible cost so the actual rate of co-financing is higher for the beneficiaries because they need to cover the tax from their own packet so in fact the co-financing rate is higher.

c) What has worked well and innovative suggestions for the future

The Measure 321 proved to be very popular among beneficiaries (communes local self-governments - samorządy gminne - and their organizational unities). Till mid of 2010 (31.08.2010) a value of submitted applications amounted to ca. 7.1 billion PLN (which exceeds the planned budget for the measure for the whole 2007-2013 RDP). This shows that investments in infrastructure are very much needed. The broad eligibility criteria (wide targeting) seemed justified in case of investments which have regional specifics (different needs are in different regions). Hence the eligibility criteria for the Measure 321 were assessed positively.

Many simplifications were claimed to be introduced in the application so far, for example establishing the preferential credit line for this measure in the Bank Gospodarstwa Krajowego.

Specific modifications to results indicators have been made to take account of the 2009 amendments to the RDP, which in case of measure 321 include: 20 projects in relation to installation/infrastructure for biomass production and renewable energy sources; and 295 projects supported in relation to creation and enabling access to broadband infrastructure.