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THE FUNCTIONING AND SUPPORT OF AGRICULTURAL PRODUCER GROUPS IN POLAND IN THE PERSPECTIVE OF THE RDP FOR 2007–2013

Abstract. The establishment of agricultural producer groups (APG) is an important form of organisation which facilitates the proper restructuring of agriculture. Market analyses and scientific publications indicate that presently, one of the most vital methods of achieving competitive advantage of a farm is a form of teamwork, i.e. membership in a producer group. This article presents the state of organisation of agricultural producer groups in Poland. Their numerical development, spatial arrangement and sector structure are discussed and the level of EU support for respective provincial groups is also presented.

Keywords: agricultural producers, agricultural producer groups, financial support, European funds

INTRODUCTION

Aside from the progressing integration of the agri-food market and the increasing competitiveness of the agri-food business entities, the horizontal integration of farmers plays an important role in the process of reinforcing the position of farms in the food chain. The analysis of economic and social aspects of rural areas indicates numerous weak points and a lack of organisation resulting in producers forming groups. In the years 1949–1956, due to a political imperative, farmers were forced to work as a group, which left a profound negative mark in the subconscious of agricultural producers. To this day, upon hearing the words "agricultural co-operation", the farmers react impulsively. Groups of individual farmers and cross-sector cooperation established between the farmers and the state in the years 1973–1989 were a milder form of cooperation. Such forms of rural activity were to a large degree sustained by financial support, although as the support began to diminish, these forms of group work began to disappear (Mickiewicz and Mickiewicz, 2015).

In western Europe, for many years there has been a system of organisation aimed at uniting processors, agricultural producers and traders into groups, cooperatives, partnerships or teams (Michalek et al., 2013). Community funds had a major impact on the significance of groups and resulted in them playing a vital role in the areas of production, processing, sales, marketing and trade (Kania and Bogusz, 2009). Numerous researchers claim that the emerging agricultural organisations reshape the value systems in the rural environment, thus restoring

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meaning to the words: "group", "trust", "team", and "loyalty" (Markantoni et al., 2013). According to Czapiewska (2013), Krzyżanowski (2013), Boguta et al. (2012), what is advantageous in such agricultural communities is that they generate an added value without the necessity to change titles of ownership or contribute land.

The accession of Poland into structures of the European Union created a necessity to compete with new entities on the market, which had a major impact on the legal status of farmers and farming in general (Wojcieszak and Wojcieszak, 2017). High competitiveness and the free market are a significant impediment to Polish farmers, who tend to work individually as a rule. Joint activities, which constitute the foundation of bygone farming, are currently rejected (Wiatrak, 2015). Polish farmers are convinced of their own individual independence, which leads them to thinking they can protect their own interest by themselves, while that is not the case (Karwat-Woźniak, 2013). In consideration of the above, it seem reasonable to point Polish farmers towards cooperation with others, leading to the establishment of groups, which could improve their position of the market (Majewska and Klibisz, 2012). The necessity of producer groups is also dictated by the current state of the market, i.e. the surplus of food in Europe. As the economic and political regime in Poland changed, the country opened itself to foreign products and the reality of highly competitive world economy. This situation resulted in the necessity to predict market needs and compete not only locally, as it had been thus far, but also internationally. High competitiveness, further intensified by the influx of foreign products, and a long production time encumbered with considerable risk force individual agricultural producers to change their farming methods, allowing them to adjust themselves to market requirements (Domagalska-Grędyś, 2014). The data presented below may constitute a source of information for further analysis and as a reference point for comparison with similar studies. The aim of the article was to present the level of EU support granted to particular groups within the voivodeships, taking into account their product interaction.

METHODOLOGY OF RESEARCH

The materials used in the present study consist of unpublished data on the course of implementation of the Rural Development Programme (RDP) for 2007–2013 as a part of "Agricultural producer groups (APG)" operation accessed via the IT system of the Greater Poland Regional Office of the Agency for Restructuring and Modernisation of Agriculture (ARMA) (date of access: 7th November 2017). The APG implementation was analysed based on the number of applications filed from respective voivodeships. Regional analysis consisted in simple grouping (Wysocki and Lira, 2005) and resulted in class ranges for each respective voivodeship based on average amount of funding granted to the producer groups which filed an application for the "agricultural producer groups" operation within RDP for 2007–2013. As a result of grouping, class ranges were obtained into which voivodeships were allocated according to the average value of support per 1 group (taking into account the number of entities associated within a given group), which applied for financial means in this measure. This grouping made it possible to assess the distribution of voivodeships in terms of the EU funds granted. The study was prepared with the use of the desk research method and it consists an analysis whose purpose is to approach the question of EU funds in the development of agricultural producer groups within RDP for 2007–2013. Both legacy and strategic documents were submitted to a classic analysis in order to establish facts, verifications and presentations. The choice of methodology was determined by the accessibility of source materials, partially secondary (reports, public statistics documents, literature on APG funding and funding issues) and, as stated above, original documents (unpublished ARMA data). The analysis conducted herein may serve as a reference point for further analysis and comparisons of agricultural producer groups. The results are presented in the form of descriptions, tables and graphics.

CHARACTERISTICS OF AGRICULTURAL PRODUCER GROUPS IN POLAND AND POSSIBILITIES OF THEIR FINANCING

Agricultural producer groups may differ from one another with respect to, among others, their size, organisational structure, or scope of activities. In line with the classification of agricultural producer groups accepted by International Federation of Agricultural Producers, it is possible to distinguish unions, agricultural producer marketing groups, federations, associations and agrarian chambers (IFAP, 1992). The rendering of the services expected by the farmers is the main task of agricultural producer groups, as it constitutes an incentive to join the organisation. Among the aforementioned services there are: economic and technical services (e.g.: joint sales, production planning), defence of the farmers' interest (e.g.: lobbing) and local development (e.g.: courses, trainings) (Chlebicka et al., 2009). The act of the 15th September 2000 on agricultural producer groups and their relations defines a producer group as a legal entity established by agricultural producers whose main aim is to improve the economic effectiveness of its constituents by adjusting its production and sale to the market demand (Dz. U. 2000 nr 88, poz. 983). The process of establishing agricultural producer groups in Poland is relatively slow (Ziętara, 2010). Although 15 years have passed since passing the law which allows for the establishment of such organisations, the farmers' self-organisation leaves much to be desired. Currently, every 50th agricultural producer in Poland is a member of a producer group. In the age of free market and growing competition, the meaning of groups will gradually increase, as it is increasingly more difficult for individual agricultural producers to meet the expectations of their consumers (Korczak and Tomaszewski, 2016).

TERRITORIAL DISTRIBUTION OF APG AND THE LEVEL OF EU FUNDING SUPPORTING THEM

The EU has been financially supporting producer groups for many years, as they constitute a vital element in the restrucuring of the agricultural sector. The farmers' cooperation in the western Europe is a long-lived tradition with numerous achievements proven in practice (Krzyżanowska, 2003, p. 12). The process of establishing producer groups began in Poland in the year 2000, when the legal regulations stipulating the establishment, functioning and support of agricultural producer groups were implemented. The integration of producers, both horizontal and vertical, cuts the supply chain by eliminating the intermediaries. Cooperation and integration within producer groups allowed numerous farmers to reinforce their market position by arriving at the economies of scale. It also contributes to establishing a stable market position and increasing the income of agricultural producers and the profitability of their production. Uniting the farmers allows for delivering large, uniform batches of product, while also ensuring its high quality (RDP for 2014–2020, p. 105). Moreover, it provides access to modern channels of distribution, production contracting and the realisation of functions from the subsequent links of the food chain (including processing). Within the Rural Development Programme for 2007–2013, 1338 producer groups (which applied for support) were established in Poland (Domagalska-Grędys, 2010). The total sum of public funding provided to PLN 755,171,216.52. In 2015, 27.6 thousand farmers were associated in producer groups. The analyses indicate that a group consisted of 12 members on average.

The number of producer groups and their participation in delivering agricultural product to the market differed with regard to product type. Most producers cooperating in groups, excluding the fruit and vegetable sector, operated in production of pigs, milk, cereal grains

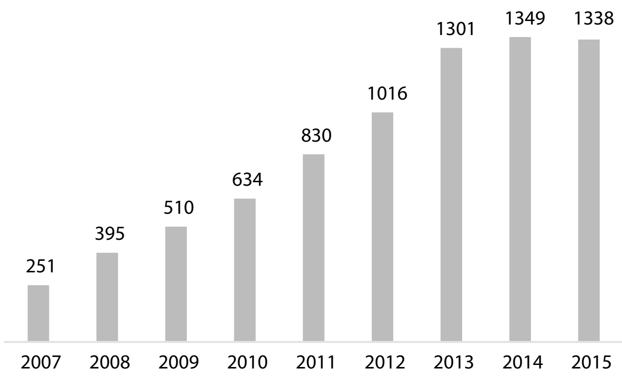

Fig. 1. Number of producer groups in Poland in the years 2007–2015
Source: own elaboration based on data from the Ministry of Agriculture and Rural Development (date of access: Nov 19th 2017).

and oil plants. Most producer groups were established in Wielkopolskie, Dolnośląskie, and Kujawsko-Pomorskie, while fewest in Małopolskie and the Świętokrzyskie voivodeship.

According to ARMA data, there were 1,258 producer groups (the fruit and vegetable sector was not included in the present study) which received a total sum of PLN 755,171,216.52 (as at 17 November 2017).

Fig. 3 indicates that the Wielkopolskie (26.45% – the Union funds allocated) is the dominant beneficiary of financial support under operation 142, followed by Dolnośląskie (10.48%), Opolskie (9.29%), Kujawsko-Pomorskie (8.91%), Warmińsko-Mazurskie (7.56%).

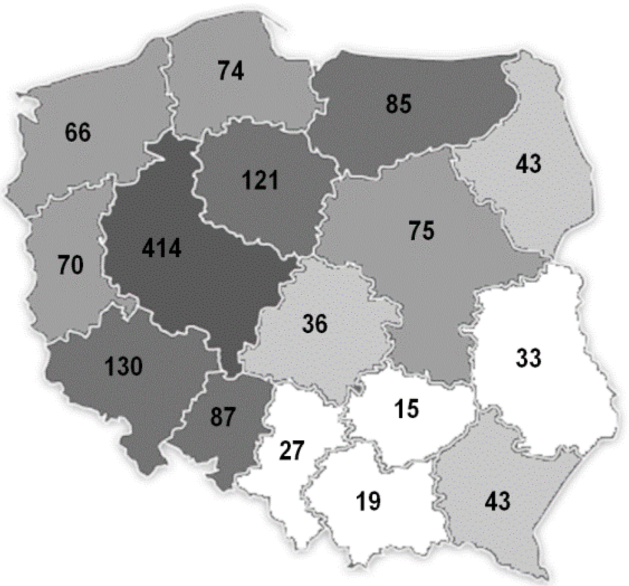

Fig. 2. Number of agricultural producer groups (APG) in respective voivodeships in May 2015
Source: own elaboration based on data from the Ministry of Agriculture and Rural Development (date of access: Nov 19th 2017).

Fewest APG, amounting to just 0.50%, were established in Małopolskie. As has been mentioned, as a part of RDP for 2007–2013, support was provided to 1,285 agricultural producer groups (Table 1). The area of integration for members from respective groups was a crucial aspect. During the analyses it was noted that farmers in Poland were most willing to cooperate in the category *Live pigs, piglets, pork: fresh, chilled, frozen* (these groups constituted 41% of all AGP), followed by *Milk (cow, sheep or goat)* at 19% and *Cereal grains and oil plant seeds* (14.9%). Data in table 1 present the area of integration of AGP in Poland and the level of support provided by EU funds within a given category.

There were differences in the amount of funds provided to the groups with regard to voivodeships (Table 2). The highest amount of funds was provided to class 1 APG, i.e. groups from Małopolskie, Podkarpackie, Lubelskie and Pomorskie voivodeship. The average sum per group in these voivodeships ranged from PLN 312,606.94 (Małopolska) to PLN 456,657.95 (Pomorze). Large sums of financial support were also provided to class 2 APG, i.e. Wielkopolskie, Kujawsko-Pomorskie, Dolnośląskie, Mazowieckie, Łódzkie, Opolskie, Zachodniopomorskie and

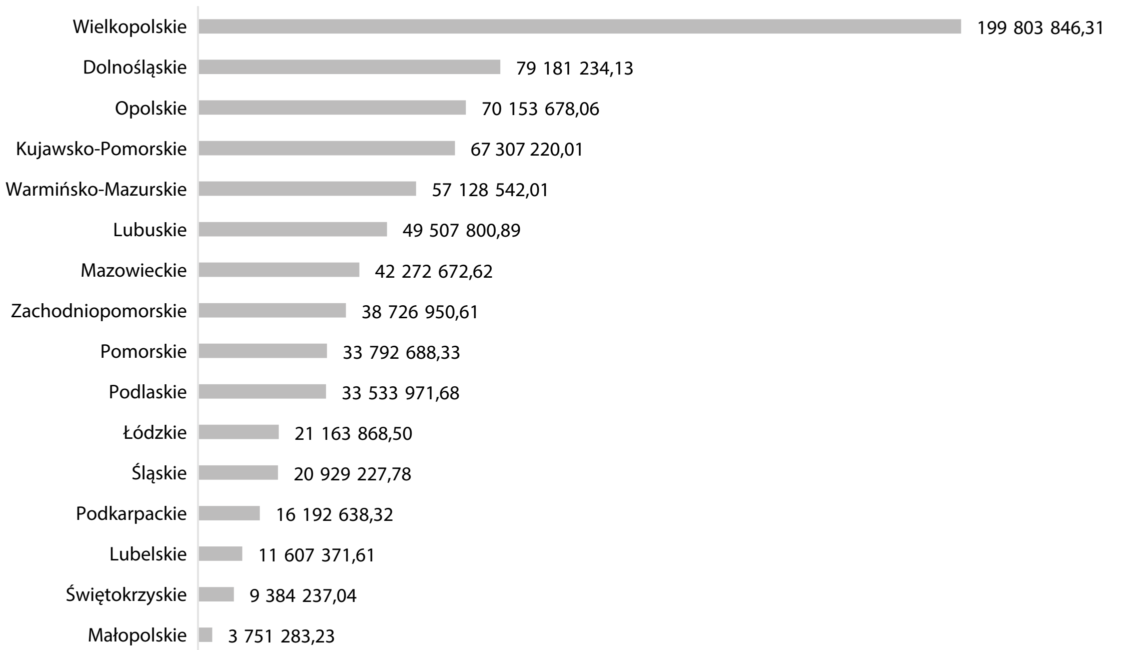

Fig. 3. Level of financial support provided to APG in Poland in the perspective of RDP for 2007–2013 (PLN)
Source: own elaboration based on unpublished ARMA data.

Table 1. Areas of integration of producer groups in Poland under RDP for 2007–2013

Product category	Number of groups within the division according to products or product groups	%	Financial support provided (PLN)	%
Live pigs, piglets, pork: fresh, chilled, frozen	527	41.0	321,702,938.,24	42.6
Live cattle: slaughter or breeding animals, beef: fresh, chilled, frozen	112	8.7	21,144,794.,06	2.8
Milk (cow, sheep or goat)	251	19.5	128,379,106.,80	17.0
Cereal grains	59	4.6	33,227,533.,52	4.4
Cereal grains and oil plant seeds	191	14.9	98,927,429.,36	13.1
Live rabbit, rabbit meat or edible rabbit offal: fresh, chilled, frozen	6	0.5	8,306,883.,38	1.1
Live poultry (regardless of age), meat or edible poultry offal: fresh, chilled, frozen	6	0.5	36,248,218.39	4.8
Live poultry (regardless of age), meat or edible poultry offal: fresh, chilled, frozen	6	0.5	4,531,027.,30	0.6
Live poultry (regardless of age), meat or edible poultry offal: fresh, chilled, frozen	86	6.7	74,761,950.,44	9.9
Sugar beets	13	1.0	9,062,054.60	1.2
Seed or seed potatoes	2	0.2	4,531,027.,30	0.6
Plants intended for herbal or pharmaceutical production	6	0.5	755,171.,22	0.1
Potatoes, fresh or chilled	6	0.5	11,327,568.25	1.5
Bird eggs	13	1.0	2,265,513.,66	0.3
Total:	1285	100	755,171,216.52,	100

Source: own elaboration based on unpublished ARMA data.

Table 2. Average amount of funding provided to groups under operation 142 of the RDP for 2007–2013

Class	Group range (PLN)	Number of voivodeships	Voivodeship
1	312,606.94– – 456,657.95	4	Małopolskie Podkarpackie Lubelskie Pomorskie
2	456,657.96– – 688,295.69	8	Wielkopolskie Kujawsko-Pomorskie Dolnośląskie Mazowieckie Łódzkie Opolskie Zachodniopomorskie Warmińsko-Mazurskie
3	688,295.70– – 853,582.77	4	Śląskie Świętokrzyskie Podlaskie Lubuskie

Source: own elaboration based on unpublished ARMA data.

Warmińsko-Mazurskie voivodeships. Provided funding ranged from PLN 456,657.96 to PLN 688,295.69.

Class 3 voivodeships were characterised by a low average sum per group ranging from PLN 688,295.70 to PLN 853,582.77 (in the case of Lubuskie voivodeship). It needs to be emphasised, however, that despite differences in received sums of EU funds, agricultural producers make an effort to cooperate on the market, as it is extremely important to use the instruments supporting the establishment and the functioning of agricultural producer groups.

CONCLUSIONS

The accession of Poland into the EU forced the necessity to reshape agriculture in order to adjust its norms to the norms of Common Agricultural Policy. The stages of integrating Polish agriculture with European agriculture had a major impact on the dynamics of establishing producer groups. Currently, the idea of cooperation is realised by so-called agricultural producer groups. In line with the law in force in Poland, agricultural producers may unite as agricultural producer groups in order to adjust their production to market standards, plan production with consideration of its quality and quantity, improve the effectiveness of farming, organise sales channels for agricultural products as well as protect the environment and enforce the rules of rational farming. The thriving development of agricultural groups resulting in their increased participation in the food market, had greatly improved the financial condition of farms. This impact may also be observed in the modernisation of farms which give in to the necessity of vertical integration in farming. Currently, agricultural producer organisations play a major role on the agricultural product market. The cooperation of farmers under agricultural producer groups is undoubtedly encouraged through the operations of RDP as well as tax allowances offered by the state. According to data from 2007–2013, under operation 142, 1,285 groups received EU funds amounting to PLN 755,171,216.52, There were differences in the use of support provided to the APG applying for financial means under the analysed operation. Largest sums were provided to class 1 APG, i.e. groups from Małopolskie, Podkarpackie, Lubelskie, Pomorskie, which may tie into their development, investments and entrepreneurship.

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FUNKCJONOWANIE I POZIOM WSPARCIA GRUP PRODUCENTÓW ROLNYCH W POLSCE W PERSPEKTYWIE PROW 2007−2013

Abstrakt. Ważną formą organizacyjną, która sprzyja właściwej restrukturyzacji rolnictwa, jest powstawanie rolniczych grup producenckich. Analizy rynkowe oraz publikacje naukowe wskazują, że aktualnie jedną z ważniejszych dróg uzyskania przewagi konkurencyjnej gospodarstwa rolnego jest forma zespołowego działania, a więc uczestniczenie w grupie producenckiej. Celem artykułu było przedstawienie stanu zorganizowania grup producentów rolnych w Polsce. Zaprezentowano ich rozwój liczbowy, układ przestrzenny oraz strukturę branżową. Przedstawiono także poziom udzielonego wsparcia z funduszy UE dla poszczególnych grup obszaru integracji w obrębie województw.

Słowa kluczowe: producenci rolni, grupy producentów rolnych, wsparcie finansowe, Fundusze Europejskie