THE REPUBLIC OF POLAND

Ministry of Agriculture and Rural Development

National Strategic Plan

for 2007-2013 Rural Development

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Introduction

The National Strategic Plan for Poland was prepared on the basis of the Council Regulation (EC) no 1698/2005 of 20 September 2005 on supporting rural development under European Agriculture Rural Development Fund (EAFRD).

The provisions of National Strategic Plan take *the Community Strategic Guidelines* referring to rural areas into account.

The National Strategic Plan covers the 2007-2013 programming period. Based on the analysis of the social, economic and environmental situation conducted on the grounds of available statistical data it specifies the priorities and directions of rural development in conjunction with the Community priorities.

National Strategic Plan is the basis for the implementation of the Operational Programme Rural Areas Development for 2007–2013. The support for rural development under EAFRD in Poland is referred to the national level in cooperation with the regional and local organisations at the stage of development of strategy and assumptions for individual measures. One horizontal program shall be prepared. Centralization of the programming process is justified by the fact that the majority of planned measure instruments are horizontal in their nature and the process may hardly be transferred to the regional level because of their complexity. The planned wide set of tools shall implement strategy priorities at the national level with consideration given to the regional needs. The strategy and its priorities reflect the needs and opportunities both at the national and regional level (NTS II) and at the local level (NTS V).

The National Strategic Plan is submitted to the European Commission before the Operational Programme Rural Areas Development for 2007-2013 is submitted for approval.

National Strategic Plan was subject to consultation process, including inter-ministerial agreements, as well as to consultation with socio-economic players, representatives of local self-government, trade unions, NGOs (including those engaged in environment protection) and professional organizations. The list of entities which received NSP for consultation constitutes Annex 1.

National Strategic Plan was subject to *ex-ante* evaluation, as well as to strategic evaluation of environmental impact. The results of abovementioned evaluations are contained in 2007-2013 Rural Development Plan.

The National Strategic plan utilises selected base indicators on the basis of Common Framework of Monitoring and Evaluation.

Chapter 1. Analysis of the economic, social and environmental situation in agriculture and setting the fundamental base indicators

As a result of World War II Poland has suffered great losses in population (about 6 million), property and lost part of its territory. Despite the fact that Poland was among the winning countries, it remained under the influence of the Soviet Union, which for dozens of years had determined directions and possibilities of economic and social development.

To this day Poland has been making up for the economic lags and lack of democratic freedoms, among other things by implementing a number of European Union strategies and policies, above all in the field of industry, transport, infrastructure, agriculture and environmental protection, and also in matters relating to strengthening social structures based on democratic foundations. It should at the same time be emphasized that changes relating to transformation are viewed positively by the majority of the society, but to some they are associated by a number of alarming phenomena, such as poverty, necessity to adjust to the changing cultural and social circumstances, which is especially difficult for the elderly people and among the rural population.

Poland is diversified spatially in terms of natural and climatic conditions, in terms of economic development including leading economy branches, which determine the quality of life of its inhabitants, as well as prospects of their functioning. Numerous regions in Poland have agricultural character and the basic economic activity is linked with this sector.

Natural and demographic conditions

Poland is a lowland country. Almost 96 % of its territory is situated below 350 meters above the sea level, and only 2.9% % is above 500 meters a.s.l. (CSO, 2005[1]). The whole country remains in the impact zone of continental and maritime (Atlantic) climate.

The surface area of Poland is 31.268.5 ha and its population in 2005 was 38,157 thousand people, i.e. 8.3% of the total population of the European Union (EU-25).The rural areas are inhabited by 38.6% of the total population, i.e. 14,733 thousand people, out of which 7,334 thousand are male and 7,399 thousand are female (CSO, 2006).

The average population density in Poland is 122 persons/km^2 whereas in the cities it is 1,098 persons/km^2 and 51 persons/km^2 in the rural areas (CSO, 2006). The population density indicator fluctuates around the average value for this indicator determined for the whole European Union, where it is 117 persons/km^2 (Eurostat, 2005).

In comparison to other European countries, the population of Poland is still young (in a demographic sense), however, the median age becomes higher every year; at the beginning of the 1990s it was 34 for women and 31 for men; in 2005 - it was approximately 39 and 35, respectively. The average age of rural inhabitants is almost 35. The ratio of persons in non-working age to persons in working age amounts to about 65 (52 in urban areas).

Polish economy

The following set of indicators relating to Polish economy provides a background for the situation in rural areas in social, economic and environmental aspects:

[1] All statistical data were taken from up-to-date sources as of the day the National Strategic Plan was prepared.

Indicator 1[2]

Indicator	Measurement	Year	Unit	Poland	EU-25
Economic development	Gross Domestic Product per capita in PPS, expressed as % of the average, EU-25 = 100, three-year average.	Average from 2003 – 2005	%	48.5	100
		2003		46.9	
		2004		48.7	
		2005		49.7	

Poland is one of poorer EU Member States. In 2005 the economic development of Poland expressed in terms of GDP per capita according to purchasing power parity was barely 49.7% of the average for that period in 25 EU countries. However, higher GDP dynamics as compared with the EU-15 allows to reduce the gap between the EU average and Poland.

Indicator 3

Indicator	Measurement	Year	Unit	Poland	EU-25
Unemployment	Unemployment rate, i.e. the ratio of the unemployed to the total number of professionally active persons	2005	%	17.7	8.7
		2006		13.8	7.9

Indicator 2

Indicator	Measurement	Year	Unit	Poland	EU-25
Employment rate	The ratio of the employed between the ages of 15 and 64 to the total of persons in the same age group	2005	%	52.8	63.8
		2006		54.5	

The situation on the labour market in Poland is gradually improving. Following a very high rate, i.e. 20.6%, of registered unemployment recorded at the beginning of 2003, the figure systematically decreases to reach 17.7% in 2005 and 13.8% in 2006 (CSO). Despite favourable trends observed in the recent years the unemployment rate on such a high level is a very disadvantageous phenomenon both for economic and social reasons, and at the same time it results from the existing demographical infrastructure which for dozens of years has been shaped by two post-war baby booms. Moreover, the unemployment in Poland is characterised by constant negative features concerning education and place of residence.

Despite the improvement of the results, the situation of Poland among the EU countries has not changed significantly. Taking into account the unemployment rate for the EU Member States, the Republic of Poland is at one of the last places. The unemployment rate is twice as high as the average for the whole EU.

Rural areas – general characteristics

Rural areas constitute 93.2% of the area of the country (CSO, 2006) and therefore they are of huge importance from the economic, social and environmental point of view. The rural areas in the Republic of Poland are defined as those situated out of the cities' administrative boundaries which means that they are rural gminas or rural parts of urban-rural gminas. The sectioning of the parts of combined urban-rural municipalities, i.e. a city and a rural area which have different territorial identifiers allows for statistical data to be collected and presented according to the breakdown into city and countryside. The definition of rural areas may in justified cases be extended to small urban localities with close functional links to rural areas.

Though this definition is based on the administrative division of Poland, in Polish conditions it largely corresponds to the OECD definition of rural areas which is based on population density of less than 150 persons/km^2. Using such approach would mean that rural areas in Poland cover 91%. Division of Territorial Units for Statistics (NTS) in Poland constitutes Annex 3.

[2] The numbers of indicators are provided according to Commission Regulation (EC) No 1974/2006 of 15 December 2006 laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (OJ EU L 368, p. 15). Information concerning base indicators is included in Annex 2 to the National Strategic Plan.

Rural areas under Rural Development Programme include small towns and villages located within administrative boundaries of:

1) rural gminas;

2) urban–rural gminas, with the exception of towns with population exceeding 20 thousand residents;

3) urban gminas, with the exception of towns with population exceeding 5 thousand residents;

For some measures of the Programme, territorial restrictions have been introduced, consisting in the implementation possibilities of some of the projects.

It should be stressed that due to the occurrence of economic, functional and social relations of rural areas with urban areas, the above definition constitutes only a theoretical context and it needs to be treated rather as an indicator.

Competitiveness of agri-food sector

A strong tradition of family farms has been present for centuries in Poland. Continuity of running farms in rural areas as compared to that of the Eastern Bloc states was disturbed only to a small extent by the process of nationalisation and collectivisation of agricultural holdings. Private ownership dominated in the post-war period. Strong attachment to land makes the structural changes develop at a slow pace.

In Poland, agriculture has a decisive impact not only on the social and economic situation of rural area inhabitants, but also on the environment, landscape structure and biodiversity of the country. The influence of agriculture on macroeconomic indicators, including above all its share in GDP, is in turn relatively small. In 2004 GDP *per capita* was PLN 24,153, and the share of agriculture in GDP was around 4.5%.

The changes to the employment structure are observed now in Poland. The percentage of people employed is increasing in the services sector, as well as in the industry and construction sector, but it is decreasing in agriculture, hunting, forestry and fishery from around 19% (46% in rural areas) between 1998 and 2002 to 17.4% in 2005 (40.9% in rural areas). Despite a visible decrease in the percentage of people employed in sector I, it is still much higher in Poland than in other EU Member States where this ratio is estimated at the level of 4.9% (Table 1).

Table 1[3]. Employed persons[4] broken down into the main sectors of economy in the European Union including in Poland

Specification	EU-25 - 2005	Poland - 2005	Poland - 2015
Sector I - agriculture, hunting, forestry and fishery	4.9	17.4	11.0
Sector II - industry and construction	27.5	29.2	26.0
Sector III- services	67.6	53.4	63.0

Source: National Development Strategy

In 2004, the percentage of persons employed only in agriculture was ca. 16.5%, It means that this sector employed 2,094.2 thousand persons (CSO, 2005). The percentage of persons employed only in agriculture has been falling systematically, beginning from political transformation, when about 27% of the total number of persons was employed in this sector of economy. Farm holders and owners with over 2 equivalent ha of land are also included in this group.

[3] The table presents the target value of the indicator based on the analyses conducted for the purposes of the National Development Strategy. Owing to considerably wide time limits, all the 2015 values are only of target nature and enable the estimation of possible range of changes in the period 2007-2013.
[4] Aged 15 and more.

Utilised agricultural area in Poland amounts to 19,148.2 thousand ha, i.e. more than a half (61.2%) of the geodetic area of the country. A significant area is covered by forests and wooded land, i.e. 9,338.5 thousand ha (29.9%) (CSO, 2006).

Taking account of the area of utilised agricultural area used by agricultural holdings it needs to be stressed that in 2005 it amounted to 15,906.0 thousand ha (50.9% of the country area). Arable land and permanent grassland had a dominant position among utilised agricultural area and covered over 39% and 10.8% of the country area, respectively, i.e. 12,222.0 and 3,387.5 thousand ha, respectively.

Taking the above into account it may be said that Poland has significant land resources used for agricultural purposes.

The Table below shows indicator of productivity in the agricultural sector which allows to evaluate the competitive capabilities of agricultural producers.

Indicator 6

Indicator	Measurement	Year	Unit	Poland	EU-25
Labour productivity in agriculture	Gross value added per annual work unit (gva/awu) (EU-25 = 100)	2002-2004 average	%	14	EUR 17,145

Productivity in agriculture is very low in Poland and it constitutes only 14% of that indicator in EU-25. Such a low indicator is a consequence of great fragmentation of agriculture, unfavourable agricultural system, small economic capability of agricultural holdings, excess of labour in agriculture, farmers' low education level and, finally, insufficient equipment of agricultural holdings with modern machines and facilities.

In 2005, a total of 2,733,363 agricultural holdings operated in Poland, out of which 2,732,270 operated in the private[5], and 1,094 in the public[6] sector. There are 1,786.7 thousand agricultural holdings with the area of more than one hectare of utilised agricultural area, including 1,782.3 thousand individual holdings. As far as agricultural activity is concerned, in 2005, 2,476,474 agricultural holdings were conducting agricultural activity, including 1,708.1 thousand holdings with the area of more than one hectare of utilised agricultural area (Annex 4). It is estimated that by 2015, there will be a net reduction of holdings running at 10.4%, and consequently the number of holdings will decrease by 187,000 and it will amount to 1,600 thousand.[7].

The structure of Polish holdings is differentiated from the point of view of the farmland area percentage (Annex 4). Furthermore, as a result of concentration the number of the largest holdings (over 20ha) and the smallest holdings (less than 5 ha) is increasing, while the number of holdings having area from 5 to 20ha is decreasing (Annex 4).

Family farms are predominant in Poland; they are oriented extensively at multi-directional production. The highly-specialized holdings constitute only a small percentage.

From the point of view of market activity Polish agricultural holdings can be divided into three basic groups. The first group includes holdings where production has been abandoned or temporarily suspended for economic reasons, or is carried out for own needs only. On the other pole there are market-oriented agricultural holdings which are strong in economic terms and produce for the market. The third group includes semi-sustainable holdings which produce partially for the market. It is

[5] The basic forms of proprietorship in the private sector are as follows: domestic private property (individual holdings, cooperative holdings, and private companies), foreign property and mixed property.

[6] The public sector comprises state-owned holdings (owned by the State Treasury and state legal persons), holdings owned by local governments (gminas) and holdings constituting mixed property (companies with majority of state-owned property).

[7] The number of holdings will decrease in area groups from 2 to 20 ha of utilised agricultural area, and this process will be fastest in the case of entities with area from 10 to 15 ha of utilised agricultural area. At the same time, the number of the smallest holdings (1-2 ha) and holdings of 30 ha and more will increase. The process of enlargement of entities of 30 ha and more will be more than two times faster than in the case of entities having less than 2 ha. Thus, spatial polarisation of holdings will become relatively more visible.

estimated that there are around 291,000 holdings with low economic potential that produce mostly for own needs and market[8] the surplus.

Indicator 16

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Importance of the semi-subsistence farming in the new Member States	Number of holdings 0-2 ESU	2005	%	69	--

Despite changing political and economic conditions and conditions of trading with the third countries Poland has had comparative advantage in many sectors, e.g. in labour–intensive sectors. It should be borne in mind that production in certain sectors is limited now, which provides the possibility for development of given businesses (e.g. milk quotas). Moreover, in the context of increasing productivity of dairy cows, it is possible that in 2007-2013 the diary cow population will be reduced as a result of restructuring of part of stock excluded from milk production with a view to beef cattle production.

Growing interest in specialised production, such as regional products, organic or integrated farming, is observed in Poland. There is a huge potential for development of these market niches because of environmental conditions, surplus of labour and cultural factors. Especially in the recent years, a constant growth trend has been noted with regard to organic farming (Annex 4).

Indicator 23

Indicator	Measurement	Year	Unit	Poland
Soil: Organic farming	Surface area of utilised agricultural area intended for organic farming	2001	ha	38,732
		2002		43,828
		2003		49,928
		2004		82,730
		2005		159,709

The level of farmers' education has a great impact on the general image of agricultural production and in consequence on the outputs – both in terms of technical advancement, income and labour effciiency. Number of holdings exceeding 1 ha of utilised agricultural area where the managing person has agricultural education is 796,095 out of the total of 1,708.1 thousand agricultural holdings (Annex 4).

There has been an increase in the general level of education of persons managing agricultural holdings in Poland. From among the farm users, the percentage of farmers who finished their education at level of the gymnasium or primary school amounts only to 24% (Annex 4). In the EU-15 countries the share of farmers who ended their education at the level of primary school amounts only to 16.9%.

In consequence, because of low education level among Polish farmers their social and professional activity is less pronounced, they have greater problems with finding an alternative non-agricultural job and their income level is low.

Consultancy plays an important role as farmers do not have knowledge about modern management methods, the *cross-compliance* principle, market niches etc. The measures to date, which were conducted in consultancy for the farmers and rural population, focused mainly on the preparation of farmers for the integration with the EU and the making it possible to make use of aid from Community funds. The needs in this respect concern all active farmers, approx. 1.5 million people. Therefore, each agricultural producer will use the offered form in training and consultancy at least once.

[8] In this group semi-subsistence farms were defined, such as agricultural holdings, of the economic size (measured according to the volume of standard gross margin) of at least 2 ESU and no more than 4 ESU. Within the framework of the Rural Development Plan for 2004-2006, an instrument aiming at providing transitional support to semi-subsistence farms. Aid is to be granted to ca. 170 thousand agricultural holdings.

Regional diversification

Individual regions of Poland vary to a great extent both in economic and social terms. Having regard to rural areas, including agricultural production, and basing on data concerning inter alia the area of UAA (in thousands of hectares), the SGM (Standard Gross Margin) coefficient per 1 ha UAA, average size of a holding, the following four agricultural regions were identified in Poland:

- Region I (Pomerania and Mazuria),
- Region II (Great Poland and Silesia),
- Region III (Mazovia and Podlasie),
- Region IV (Lesser Poland and Pogórze).

Density of population ranges between 16.57% (Region I) and 29.73% (Region IV), with the highest percentage of rural population living in Region IV. The four agricultural regions of Poland are characterised in Table 2.

Table 2. Characteristics of the main agricultural regions in Poland

Specification	Poland	Region I Pomerania and Mazuria	Region II Great Poland and Silesia	Region III Mazovia and Podlasie	Region IV Lesser Poland and Pogórze
Area of utilised agricultural area (in thousands of hectares)	16,899	3,492	4,524	6,118	2,765
The stock of cattle per 100 ha of utilised agricultural area	32.7	21.3	28.8	41.9	30.3
Average area of agricultural holding (utilised agricultural area)	7.3	13.9	8.9	7.6	3.1
Average LU per 1 ha of MFA (main fodder area)	1.2	0.76	1.50	1.31	0.9
Standard Gross Margin coefficient in 2002 per 1 ha of utilised agricultural area	1400	1201	1378	1282	1498
Standard Gross Margin coefficient in 2002 per 1 LU	1543	1451	1597	1616	1316
Standard Gross Margin coefficient in 2002 per 1 LSU for fattening	802	786	974	748	604

Investments

Despite support provided under national programmes, SAPARD, Rural Development Plan and Sectoral Operational Programme "Restructuring and modernization of food sector and rural development 2004-2006" the agricultural holdings in Poland show considerable needs for investments. These investments are mainly connected with quantity and quality of technical production infrastructure in Polish agriculture. In 2005 there were 1,437.2 thousand tractors, 147.3 thousand of combine-harvesters, 89.2 thousand potato harvesters and 36.8 thousand sugar beet harvesters in the agricultural holdings. However, the indices of equipment in Poland considerably differ from those in the EU-15 if referred to the unit area of farmland or crop.

Moreover, tractors operated in agricultural sector are largely worn and old (the average age of a tractor is estimated at 23 years, and that of a combine harvester at 21 years). For a huge number of farms this involves a necessity to replace farming equipment with more modern and more effective one.

Indicator 7

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Gross expenditure on fixed assets in agriculture	Gross expenditure on fixed assets in agriculture	2005	EUR million	2658.6	--

For the general picture of rural area adjustment to the environmental standards to be required soon the equipment of farms with environmental protection structures such as liquid livestock manure tanks are very important. This a particularly significant issue in the light of compliance of the farms with common good agricultural practice and with *cross-compliance* in the future, that will be immediately associated with the availability of support in the form of direct payments (for about 1.5 million farms, i.e. over 1 ha) and with the rural development measures (Axis 2).

Food Industry

Food industry belongs to key branches of economy in Poland. Value of sales in that branch amounted in 2005 to ca. PLN 120 billion, i.e. 17.2% of sales in the whole Polish industry. Gross value added in that sector amounted to PLN 26.4 billion (12.5% of the whole industry).

In 2005 food industry employed 451.7 thousand persons i.e. 16.9% of the employed in the whole industry. It is estimated that the operations in agricultural processing are run by 6.7 thousand industrial companies and 11.7 thousand smaller companies. Micro-enterprises employed ca. 70 thousand persona and produced food in the value of ca. PLN 10 billion.

Indicator 12

Indicator	Measurement	Year	Unit	Poland	EU-25
Development of food industry workers (section 15 and 16 of PKD – Polish Classification of Activities)	Average number of food industry workers	2002	thousand	472	4559
		2005		451.7	

Labour performance in Polish food industry amounts to EUR 13.3 thousand per 1 employed person, while in the EU-25 it amounted to EUR 50.5 thousand per 1 employed person. Differences in labour performance is compensated by lower labour costs and processing margins. It is to be expected that with time, competitive advantage of the Polish processing resulting from lower labour costs will decrease, which is due to the tendency to level out the labour costs in the conditions of the Single Market. This means that the condition for maintaining competitive position in the nearest future will be to modernise the processing of agricultural products towards increasing the labour performance.

Indicator 10

Indicator	Measurement	Year	Unit	Poland	EU-25
Productivity in food industry	Gross value added per one food industry worker	2004	thousand € per worker	13.3	50.5

Development f the processing industry is closely related to the situation of primary producers (there are ca. 900 thousand market-oriented agricultural holdings). The processing industry is the basic direct recipient of agricultural crops and its condition has direct impact on the income situation of farmers. At the same time it is necessary to ensure vertical integration between the agricultural sector and processing so as to enable the supply of maximally large and unified batches of raw materials, which then will allow to take advantage of the scale effect. It needs to be stressed that the relations between primary production and industry (as well as wholesale sales) are weak and the establishment of these relations is one of the conditions for the competitiveness of the Polish agricultural sector. Therefore, the cooperation between farmers and the sector of processing and wholesale trade needs to be stimulated, inter alia through providing support to those entities, which undertake such cooperation and offer preferential conditions, when such cooperation is established with agricultural producer groups.

The size of the agricultural sector and diversified structure of production in Poland, along with the significant number of branches of the agricultural products processing industry are the reasons for the need to provide support under RDP to establishments producing a wide range of products.

Recent years were characterised by great production animation in the food sector. In 2003 the output sold in the food industry increased by 7.7%. Following a short-term decrease after the Accession, the

current growth rate in the food industry production again exceeds 5-6% annually, and the factor contributing to the development of the sector is both the growing exports and increasing national demand.

There is also a trend towards industrialisation of the agricultural products processing sector, and in consequence towards decreased direct sales value and reduced need for on-farm food consumption. Significant improvement in the incomes of the population will lead to an increase in domestic demand for high quality processed agricultural products, in particular for those of high value added. It should be stressed that there is a need for improvements in marketing, development of brand products recognisable on the market owing to i.a. appropriate labelling, functionality and packaging. Similar factors will be essential as regards the Community and global market.

Therefore, retaining favourable position and development trends in the Polish agricultural products processing sector requires further, broad (in terms of subjective and objective scope) support to the investment processes, both those related to improved innovation and to competitiveness of companies.

Indicator 13

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Economic development of food industry (section 15 and 16 of PKD – Polish Classification of Activities)	Gross value added in food industry	2004	PLN million	24,139.5	--
		2005		27,397	

It is estimated that support is required by several thousand processing plants (from micro to medium-large enterprises), whose reserves and access to funds are insufficient to make necessary investments. As they cannot benefit from economies of scale, such enterprises are in worse competitive position than market leaders, although they play an important role as consumers of raw materials obtained from local (frequently small) producers, they keep local markets supplied, and may additionally specialise in specific, traditional production methods. It should also be pointed out that these enterprises are important sources of employment, especially for rural population. Therefore, it is particularly important to provide investment support to micro, small and medium-sized enterprises and (to a lesser degree) to medium-large ones.

Considering the trends towards reducing the use of conventional sources of energy and developing the use of renewable sources of energy, in the near future there will be a great need to increase production in plants that obtain fuels from agricultural products and to ensure particularly favourable co-financing conditions in the sector.

With food safety and environmental protection conditions being constantly increased, there arises a great need to ensure possibilities of supporting investment regarding reduction of adverse impact on the environment and decrease energy consumption.

Forests and Wood Industry

In Poland the share of wood sector is small and has mainly the environmental and diversification functions.

There are 9,000.5 thousand ha of woods in Poland, which means that forest cover amounts to 28.8% (CSO, 2006). Forest cover by voivodship is presented in Annex 5.

Public forests prevail in the forest structure (82.3%, including 81.4% belonging to the State Treasury and 0.9% to gminas). Private forests constitute 17.7% of the forest area and are considerably fragmented. Forest area falling to 1 agricultural holding amounts to 1.28 ha on average. The average tree stand abundance in private forests is low – 119 m^3/ha as compared to 222 m3/ha in the State forests. The share of private forests increases due to the systematic process of agricultural land afforestation (CSO 2005).

Indicator 15

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Gross expenditure on fixed assets in forestry	Gross expenditure on fixed assets in forestry	2005	EUR million	2658.6	--

In 2004, forestry employed 44.8 thousand people, including 19.8 thousand persons in the private sector (CSO, 2005). The voivodships characterised by the highest numbers of people employed in forestry are as follows: Dolnośląskie, Warmińsko-Mazurskie and Zachodniopomorskie (over 4 thousand people each).

Indicator 14

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Labour productivity in forestry	Gross value added per person employed in forestry	2005	EUR thousand /person	18	--

In 2004 global forestry production amounted to PLN 5649.0 million; the share of the private sector reached the level 23.1%, which was less than in the previous year (28.7%) (CSO, 2005).

Social and Economic Aspects of Rural Areas

Polish countryside that was shaped historically characterizes by dispersed settlement network, thus there are about 53 thousand of rural localities, including 42.8 thousand of villages and 10.2 thousand of settlements and colonies. The average size, in terms of population, is 277 inhabitants per one rural locality; for many localities, this number does not exceed 100 persons. Such conditions are unfavourable for maintaining their social viability. The significant number of small localities, often characterised by dispersed housing pattern, results in significant increase of construction costs, as well as operation costs of technical infrastructure, poorer accessibility of public services and it does not favour social and cultural viability of these localities. The highest dispersion of rural settlement network - less than 120 localities per 1000 km^2 – characterizes north-eastern and south-eastern regions as well as Opolskie Voivoidship. The area with the highest percentage of rural localizations is central Poland – above 225 localizations per 1000 km^2. More than 80% of rural localizations has less than 500 inhabitants, 15% of which has less than 100 inhabitants.

In 2005 there were ca. 14.73 million persons residing in rural areas (CSO, 2006). It is estimated that despite the decrease in the total population in Poland, forecast for coming years, a slight growth tendency will be observed in rural areas. Thus it is presumed that rural areas in 2015 will be inhabited by about 14.93 million persons (CSO forecast, 2003).

The average age of rural inhabitants is almost 35. The ratio of persons of non-working age to persons of working age amounts to about 67 (52 in urban areas). Between 2000 and 2005 the percentage of rural residents in working age[9] increased - from 56.8% to 60.7% (in cities from 63.3% to 66.1%). The total population in this age increased by about 7% (in cities by about 3%), and the factors which contributed to faster increase in the rural areas included higher number of children per one family and reduced migration to towns in the last 15 years. It is estimated that within the next few years the percentage of persons in the working age in rural areas will increase, so that in 2015 it will amount to 63.7%. In the meantime, rural areas will be marked by the decrease of the percentage of persons in working age. It is foreseen to amount to 63.2% in 2015 (CSO forecast, 2003).

Simultaneously, between 2000 and 2005, the share of persons of pre-working age[10] in rural areas decreased - from 27.6% to 23.8% (in cities from 22.4% to 18.5%), mainly due to the ongoing decrease in the birth rate. At the same time, CSO forecasts imply that the forthcoming years will face a further decline in the percentage of persons of pre-working age, both in rural and urban areas, and in 2015 will amount to 17.2% and 15.2%, respectively.

[9] Males aged 18-64, females aged 18-59.
[10] Population aged 0-17.

On the other hand, the percentage of persons over working age[11] between 2000 and 2005 has not changed and amounted to 15.4% (in urban areas it decreased from 14.3% to 15.2%) in 2005, and the difference results from the fact that the generations which in youth migrated to towns in mass numbers are joining the ranks of the population over working age. CSO estimated that within the next few years the percentage of persons in the working age will increase both in rural and urban areas. It is estimated, that in 2015 the index will amount to 19.1% in rural areas and 21.6% in urban areas.

It is estimated, that between 2007 and 2013, the number of persons aged 18 years or more and who may potentially begin employment at the labour market will amount to almost 3,531 thousand persons, including 1,598 thousand persons in rural areas.

The education level of the rural and urban population is still highly varied, even though the situation has been systematically improving (Annex 4).

The level of education of rural residents is still too low and is often an obstacle to initiating activity outside agriculture, including self-employment. Young rural residents choose vocational schools far more often than their urban counterparts, which is motivated mainly by economic reasons (more difficult income situation of the rural population, costs of transport, etc.). Simultaneously, the education level of the working age population and education opportunities for persons in pre-working age are more limited in rural areas than in cities. This is a result of not only finishing education at lower level (mainly basic vocational education), but also, in general, of lower school and pre-school education level[12].

Learning conditions in rural areas are definitely worse than in the city and the average educational level in rural areas is as a rule lower. Less favourable educational possibilities of children in rural areas include a number of barriers related to the functioning of the educational system within rural areas e.g. limited access to nursery schools, unqualified teachers, lower standards of education at secondary schools and the lower financial standing of rural families.

Improvement of rural inhabitants' qualifications is crucial for the development of rural areas, including changes on the labour market. Therefore, it may be stated, on the basis of the data available (Annex 4), that it is advisable to undertake activities for long-life education of adults. According to CSO, low level of life-long education in rural areas concerns the age group 25-64 and in 2006 (Q3) it amounted to 0.61% of all persons taking part in life-long education.

Indicator 35

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Lifelong learning in rural areas	Number of adults (between the ages of 25 and 64) taking part in training and courses	3rd quarter of 2006	%	0.61	--

Employment and unemployment

Number of persons employed in 2005 amounted to 12,890.7 thousand. In the same year the number of unemployed persons registered in labour offices amounted to 2871.2 thousand persons, of which 41.9% (1202.2 thousand) were rural residents (CSO, 2006).

The labour market in rural areas is regionally diversified. In the northern and western regions of Poland (Warmińsko-Mazurskie, Zachodniopomorskie, Pomorskie, Lubuskie voivodships) state sector

[11] Males aged 65 and over, females aged 60 and over.

[12] Research suggests that the question of preschool education is of crucial importance for the perspective of further education. According to NSP the total percentage of children aged 3 to 5 that underwent preschool education in 2005 amounted to 38 %, whereas in rural areas only to 17.5 %. At the same time it is predicted that in the following years the percentage of children that undergo preschool education will increase (in general as well as in rural areas) and in 2005 it will amount to 55 % and 35 % respectively.

agriculture had dominated until the beginning of the 1990's. Due to the liquidation of State Farms, those regions witness local, extremely high unemployment. On the other hand, considering the number of persons employed in agriculture per 100 ha of agricultural land, the northern and western voivodships, due to the structural conditions, experience relatively low employment in this sector. The situation differs in southern and eastern regions of Poland (Małopolskie, Podkarpackie, Świętokrzyskie, Lubelskie voivodships), where the structure of agriculture is highly fragmented, and employment in agriculture as compared to the areas of agricultural land is very high (Annex 4).

Considering the indicator concerning economic activity of persons aged 15 and more, despite the decreasing tendency, its value in rural areas is higher than in urban areas (Annex 4). The employment rate is higher as well, which is due to the inclusion of persons from farms to the group of active and employed persons, even if they are employed only to a limited extent on those farms. The total employment rate in rural areas (persons aged 15 and over) in 2005 amounted to 47.0%, after a fall from 53.1% (1995) to 45.9% (2003). - in towns respectively increase to 44.1% after a fall from 49.3% to 42.9% (Annex 4). Especially fast increase in the rural areas was noted for persons aged 25-54: from 68.7% in 2003 to 70.7% in 2005 (in urban areas from 66.9% to 68.3%). As far as young persons aged 18-24 are concerned, the employment rate in rural areas decreased from 32.3% in 2003 to 31.7% in 2005 (in urban areas it increased slightly from 21.0% to 21.2%). Rural employment rate decreased also among persons in pre-retirement age: from 37.7% to 36.9% (in urban areas it decreased from 30.8% to 31.8%); and over working age: from 11.1% to 9.9% (in urban areas it increased from 4.6% to 5.0%). The total employment rate among persons aged 15-64 in 2005 amounted to 52.8%, with 46.1% in rural areas. The rate is estimated to increase within the next few years to reach the total value of 58.0% in 2013, and 53.0% in rural areas (NSRF forecast). The greatest increase of the total rural employment rate has been noted especially for the within the last few years among persons with basic vocational education: from 61.5% (in 2003) to 64.4% (in 2005) (in urban areas it remains at the steady level of 46.5%) and the greatest decrease was noted for persons with secondary education: from 47.2% to 42.4% (in urban areas an increase was noted from 33.9% to 34.5%).

According to the census carried out in 2002, slightly more than half of rural population live off work, out of which 35% live off non-agricultural work. From among the rural residents having their own source of income, 80% of persons have only one source, and 20% have two sources of income. The second largest source of income are the pension and health care benefits (about 39%), 8% of persons receive social benefits (social assistance pension, unemployment benefit, social security benefit).

Indicator 28

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Employment development of non-agricultural sector	Average number of the employed in the industrial and services sectors	2005	thousand	11010.3	188153.0

Indicator 29

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Economic development of non-agricultural sector	Gross value added in the II and III sector	2005	PLN million	825494	8601115

The research concerning households' budgets, carried out by CSO in 2005, reveals that the differences in the level of income generated by households of persons employed on a farm and persons carrying out hired labour are significant. Income per person in households of farmers is lower by about 20%.

In 2005 the number of persons employed on farms was 5111.5 thousand persons[13]. Due to the large variation of time of involvement of respective family members in work in their own households, the number of the employed expressed in "full-time" equivalents was lower and reached 2291.9 thousand persons[14], including about 5.7% of hired employees. It is estimated that within the next few years the employment in agriculture will decrease, which to a large extent will be related to changes in the area structure and the modernisation of agricultural activity, and at the same time the abandonment of agricultural activity by the population will be faster than the improvement of area structure and methods of production. The pace of changes in agriculture and the level of decrease of persons employed by individual holdings will be influenced also by the increasing migration of the Polish population. Considering the structural changes in agriculture to date and those expected it is estimated that by 2015 full-time employment in agriculture will decrease by about 35% and reach 1490 thou persons. In addition it is forecast that in 2015 the share of persons employed in agriculture will decrease from the present level of 17.4%% to about 11% of the total of employed persons.

In accordance with the statistical data, the unemployment rate in the rural areas is lower than in urban areas (Annex 4). It is said that such situation originates first of all from the manner of data presentation (i.e. persons owning over 2 equivalent ha are not considered unemployed). Forecasts of the National Strategic Reference Framework reveal that within the next seven years the value of the total unemployment rate and unemployment rate in rural areas will decrease to 10% and 13.5% respectively.

In addition the share of the unemployed living in the rural areas in the total number of the unemployed increased from 41.7% in 2002 to 41.9% in 2005. The share of the unemployed rural residents aged under 35 decreased from 60.3% at the end of 2002 to 55.9% at the end of 2005, and from 31.8% to 26.9% as regards persons aged under 25 (and in urban areas from 51.6% to 46.8% and from 25.0% to 19.4% respectively). Simultaneously the share of the unemployed aged 45 and over increased in the rural areas from 17.9% to 23.6% (in urban areas from 25.5% to 32.9%).

The situation of persons in the labour market considerably depends on their level of education. In Poland the situation of persons with the lowest level of education is particularly adverse. In 2005 the highest unemployment rate (36.7%) was recorded among persons with lower secondary education, primary and incomplete primary education. High unemployment rate was also recorded among persons with basic vocational education (21.5%) and general secondary education (21.2%). Taking into account rural areas, most unemployed were among persons with general secondary, lower secondary, basic and incomplete basic education.

As a result of structural changes and transformations, rural areas in Poland have been affected by the problem of unemployment. In Poland the farm owners and farm holders with over 2 equivalent ha of land cannot be registered as unemployed – hence, according to the estimates[15], about 0.5-1.4 million individual farmers cannot find a job and are referred to as 'the hidden unemployed, while some 70% of people have only part-time employment.

Non-agricultural activity of agricultural holdings

As a result of the economic transformations which occurred in Poland in early 90's, agriculture started to bring in small profits, farmers' incomes decreased and the unemployment rate rose.

[13] The group consisted of all persons aged 15 and more who contribute their work into individual holdings and persons employed by holdings for a period of time or on the basis of permanent contracts of employment.
[14] Work input expressed in AWU (Annual Work Unit).
[15] Because of the difficulty in estimating hidden unemployment, the issue was provided as value from 0.5 to 1.4 million persons – the scope is a result of different methods used by Institutions or research. In the NSRF, the value was estimated at the level of ca. 1 million, which – taking account of different research methods and assumptions may also be considered correct.

A condition for rural development is development of all forms of enterprise providing new jobs as well as diversification of the incomes of rural population.

According to the data of the Central Statistical Office, in 2002, there were 363.4 thousand agricultural holdings whose holders carried out additional non-agricultural activities or started a non-agricultural business on their own with the agricultural activity temporarily suspended or abandoned. At the same time, as compared to the 1996 data, the number of agricultural holdings involved in non-agricultural activity increased by 46.0% (CSO, 2003). This upward tendency continues. The most rapidly developing type of economic activity in rural areas is services.

Most often the farmers dealt with retail trade and wholesale - 19.5%, industrial processing – 17.8%, building and construction – 5.1%, transport and storage – 4.8% of the total of entities which declared non-agricultural activity (CSO, 2004). Among the farmers who declared non-agricultural activities, over 73% had agricultural holdings with up to 5 ha of agricultural land inclusive.

One of the major non-agricultural activities in rural areas is farm tourism and tourism in rural areas, which is becoming a more and more significant form of activity for the urban population and an additional source of income for the rural population. Based on the records of gmina offices (research carried out at the request of the Tourism Department of the Ministry of Economy), the structure of tourist accommodation available in farm tourism lodgings and guest rooms in 2005 was as follows:

- 60% of gminas had farm tourism lodgings and guest rooms;
- 808 gminas had no tourist accommodation;
- more than half of the total of 18,653 accommodation facilities taken into consideration were open all year round.

Moreover, facilities with guest rooms prevailed (80% of the total number of beds), the majority of them being open seasonally, while the majority of farm tourism lodgings were open all year round.

Number of agricultural holdings undertaking non-agricultural activity differs depending on the location (urban, urban-rural and rural municipalities).

Indicator 27

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Agricultural holding users engaged in other gainful activity	Ratio of agricultural holding users engaged in other gainful activity	2005	%	39.2	--
	women:			32.8	

Agricultural holdings located in rural municipalities have undertaken non-agricultural activity related to industrial processing (21.9%) and trade (20.1%) most often (CSO, 2004).

Indicator 30

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Self-employment development	Persons engaged in business activities	IV quarter of 2005	thousand	1,820	29,301.0

Indicator 31

Indicator	Measurement	Year	Unit	Poland	EU-25
Tourism infrastructure in rural area	Total number of places in collective accommodation tourist sites (excluding guest rooms and farm tourism lodgings)	2003	Accommodation places	596,460	37,059,288

Income

The income situation of the households in rural areas is worse as compared to the households in urban areas. The nominal net income of rural households was lower than that of urban households by almost 35% in 2004 (CSO, 2004).

For 36.3% of households with a holder of an individual agricultural holding with the surface area of more than 1 ha of utilised agricultural area (UAA), agricultural activity constituted the main source of income, i.e. the source of income generating more than 50% of the total income (CSO, 2006).

Apart from the income from agricultural activities, the households of the holders of individual agricultural holdings earned incomes from:

- pensions – 42.8%
- hired labour – 41.5%
- non–agricultural activity – 8.4%
- other non–gainful sources apart from pensions – 4.4%.

As the role of agriculture as the basic source of income in rural areas decreases it is necessary to create an opportunity to supplement the incomes from rural production with incomes from other activities, inter alia by enabling agricultural holdings to carry out niche agri-food activities (e.g. high quality food production, including organic farming, integrated production of regional products) or non-agricultural activity (including farm tourism, preliminary processing).

This analysis is confirmed by data on maintenance sources of inhabitants of rural areas, indicating that 17% support themselves from working in own holding, 45% from other work including lease income, and 38% from non-gainful sources including income on possessions (CSO, 2002). At the same time, according to 2002 National Survey, the most numerous group working outside agriculture in rural areas constitutes of people employed in Industrial Processing sector of Polish Classification of Activities (29%), in Trade and Repairs sector (16.6 %) in the second place, and in Construction sector in the third place (9.2 %). The percentage of the self-employed in the total number of the employed in a particular section in rural areas was the highest in the case of the following sections: Trade and Repairs (27.2%), Construction, Hotels and Restaurants as well as Transport, storage and communication (about 15-17%), while it was very low in such sections as Public Administration and Education (under 1%).

Infrastructure

Social infrastructure and services

Rural areas are characterized by a small number and poor organization of market, financial, social and production institutions. The traditional forms of rural inhabitants' cooperation, based on neighbourhood and family assistance and cultural community, as well as on rural localities' common interest, are significantly weakened or even completely disappeared. New forms, which put more emphasis on common interest, have not been formed to sufficient degree yet. Inadequately developed spatial planning (e.g. lack of explicit criteria and principles), including the use of land and space, constitute a threat of loosing attractiveness by most rural localities, not only for local population, but also for the inflow of the investment capital.

Under the Sectoral Operational Programme „Restructuring and modernization of food sector and rural development 2004–2006", the Pilot Leader + Programme (PPL+) is being implemented as Measure 2.7. PPL+ contributes mainly to greater engagement of rural communities in activities aimed at the development of the areas populated by these communities, for example through including the widest possible group of persons and institutions in works on strategies demarcating future development directions for these regions. Leader, of a bottom-up and multi-sectoral nature, develops and intensifies human co-operation on the local level and at the same time speeds up the development of rural areas and the improvement in living standards of rural population. Experience gathered in the 2004-2006 programming period prepare local communities, organizations and local government

authorities for more common application of Leader approach in the implementation of various plans in 2007-2013.

Social infrastructure, which aims to satisfy social, educational, cultural and safety needs in rural areas, is underinvested and not adjusted to the existing needs. It refers in particular to health care, cultural and tourist facilities, as well as schools.

Learning conditions in rural areas are definitely worse than in the city and the average educational level in rural areas is as a rule lower. Less favourable educational possibilities of children in rural areas include a number of barriers related to the functioning of the educational system within rural areas e.g. limited access to nursery schools, unqualified teachers, lower standards of education at secondary schools (above gymnasium-level) and the lower financial standing of rural families. The choice of a secondary school depends on the network of schools in the nearest area, possibilities of commuting, availability of a boarding school, costs of travel or costs of living away from home. In rural areas, there are significant regional discrepancies concerning social infrastructure, and its lowest level of development has been noted in north-eastern voivodships.

Taking this into account, kindergartens are much more accessible in cities than in the rural areas. According to CSO, for each 1000 children aged 3-6 years in 2005, 704 children in cities attended kindergartens, while only 372 children attended such establishments in rural areas. Similarly adverse tendencies remained in the respective regions of the country. It needs to be stressed though that relatively smallest disproportions were observed in śląskie and opolskie voivodships, where 80% of children (i.e. 538 children) and 75% (i.e. 587 children) of children in rural areas respectively attended classes organised by kindergartens.

The lowest number of children as per 1000 children aged 3-6 years in rural areas attended kindergartens in following voivodships: zachodniopomorskie, podlaskie, warmińsko-mazurskie, where this value did not exceed 300 children.

As regards school accessibility in 2005, according to CSO there were 108 pupils per one elementary school located in rural areas, and 170 pupils per one gymnasium. As compared to the general data, it constitutes 78 and 81 pupils less respectively. Decrease in birth rate in 2005 as compared to 2000, both in the whole country and in rural areas contributed to the decrease in the number of pupils per 1 elementary school by 6.1%.

When analysing the territorial diversity of this indicator in rural areas, it was observed that the highest number of pupils per 1 elementary school was recorded in the Pomorskie voivodship (138), and per 1 gymnasium in świętokrzyskie voivodship (206). The lowest values of that indicator were recorded for elementary schools in lubelskie and podlaskie voivodships (88 each), and for gymnasiums in podkarpackie voivodship (136). In all voivodships an increase in the number of pupils per 1 gymnasium was noted and in almost all voivodships the value of this indicator decreased for elementary schools. Only in the Podlaskie voivodship an increase in the number of pupils per 1 elementary school was noted (by 2.3%).

As far as the availability of health care service is concerned the rural areas lag considerably behind the urban areas. The number of people per one health care centre or clinic was the highest in the rural areas of the Wielkopolskie voivodship and the lowest in the Podlaskie voivodship and Opolskie voivodship.

Cultural infrastructure in the cities and in rural areas is much different, as the range of events offered by cultural establishments. One of the basic indicators showing the level of rural population participation in cultural activities in villages is the reading rate. It needs to be stressed that the number of libraries in villages decreased and in 2005 amounted to 6855 libraries. Taking account of regional differences, the highest number of libraries was recorded in following voivodships:

Mazowieckie (725), Wielkopolskie (688), Małopolskie (608), Lubelskie (589), Dolnośląskie (511). The lowest number was recorded in Pomorskie (274), Lubuskie (240) and Podlaskie (234) voivodships. Considering the number of readers making use of libraries, it must be mentioned that in 2005 in Poland there were 192 readers per 1000 residents, including 128 in rural areas. In respective regions the indicator was highest in general perspective in the following voivodships: Śląskie (225), Małopolskie (218) and Dolnośląskie (216). The lowest values were recorded in: Podlaskie (155), Świętokrzyskie (165) and Pomorskie (166) voivodships. At the same time in rural areas the highest number of readers making use of libraries per 1000 residents was recorded in southern and eastern voivodships, including: Śląskie (155). Dolnośląskie (145), Lubelskie (144), and Podkarpackie (140). The lowest in Podlaskie (104), Świętokrzyskie (107) and Opolskie (109) voivodships (CSO 2006).

It is of great importance that the Polish village has poorly developed cultural infrastructure and low accessibility to basic cultural services. Organisations and institutions providing access to active cultural activities play a very important role in the access of rural population to culture. There organisations include: cultural centres, clubs, dayrooms, as well as art associations and groups.

According to CSO in 2005 in Poland there were 3937 cultural institutions, among which over a half (2320) in rural areas. Access to these institutions varies between respective regions. The highest number of cultural centres, clubs or dayrooms in general perspective is located in following voivodships: Małopolskie (489), Śląskie (371), Zachodniopomorskie (350) and Podkarpackie (333). The lowest number of such establishments was recorded in Lubuskie (96), Świętokrzyskie (119) and Warmińsko-Mazurskie (133) voivodships. The following voivodships are best equipped with such establishments: Śląskie (241), Małopolskie (171) and Mazowieckie (161). The lowest values were recorded in: Opolskie (44), Świętokrzyskie (48) and Lubuskie (48) voivodships.

Therefore, in order to ensure the proper conditions for organising and animating local participation of rural population in art, cultural and integration activities, it is necessary to take actions aiming at the development and modernisation of cultural infrastructure in rural areas.

According to CSO in 2005 among all natural persons running business activity, as registered in the REGON register, 24.8% were located in rural areas. Among them, great majority (98.4%) were natural persons employing up to 9 persons. Similar relations were observed in all voivodships, where this share was not lower than 98.0%. The greatest number of natural persons running business activity in rural areas, employing up to 9 persons, was observed in following voivodships: Mazowieckie (89.1 thousand), Małopolskie (76.9 thousand) and Wielkopolskie (75.7 thousand). The lowest number was noted in Podlaskie voivodship (17.4 thousand, i.e. 2.6%). Per each 1000 residents, situation was the best in Zachodniopomorskie voivodship, where 60.8 natural persons running business activity in rural areas in total was notes, and 60.2 persons employed up to 9 persons.

According to CSO, in the last five years a systematic growth in the number of natural persons running business activity in rural areas was observed both in the whole country and in almost all voivodships. Only in Lubuskie voivodship no change was observed among the persons employing 50 persons or more. The greatest growth was noted among natural persons running business activity and employing 10-49 persons and 50 persons or more.

Technical infrastructure

Poorly developed technical infrastructure in rural areas is one of the most serious barriers to rural development, influencing both the standard of living of the inhabitants and investment capacity in these areas. The main problems include the absence of a sufficient communal sewage system, wastewater treatment plants, telephone network and Internet, and poor condition of energy infrastructure. Rural areas vary to a great extent as regards technical infrastructure. Rural areas neighbouring urban areas have best developed infrastructure. The further from urban areas, the

worse access to and quality of infrastructure. Having regard to individual regions of the country, it may be stated that in general, western and southern voivodships are best equipped with infrastructure, while the voivodships located in the eastern part of the country are worst in this respect.

Water supply network

In the last years, the process of providing rural areas with water supply network was very intensive (Table 11), which resulted from backwardness in providing rural areas with this element of infrastructure. In 2005, the density of water supply system in Poland ran at 78.6 km per 100 km^2, and in rural areas this figure was 65.5 km/100 km^2. The highest value of this indicator was recorded in the following voivodships: Śląskie, Łódzkie, Kujawsko-pomorskie, Małopolskie, Świętokrzyskie, Mazowieckie, Wielkopolskie, Podkarpackie, i.e. the regions with the largest numbers of inhabitants (Annex 9). On the other hand, regions with relatively small population density, such as Zachodniopomorskie, Lubuskie, Warmińsko-mazurskie, Podlaskie, are characterised by a relatively low level of water supply system. As regards the percentage of the population using the water supply system in individual regions, the highest values of this indicator are recorded in the western voivodships. In the voivodships located in south-eastern Poland, the indicator has relatively lower values (Annex 10).

In 2005, 86.1% of the population were using water supply system, and in towns the percentage was 94.9%, while in rural areas – 72.1% (CSO, 2006). It is forecasted that in the years to come, the percentage of rural population using water supply system will increase, and in 2015 it will run at ca. 98%.

Sewage system and wastewater treatment plants

Despite a considerable improvement, it is still visible that there is an unfavourable phenomenon indicating insufficient provision of sewage system in rural areas (as well as towns) (Annex 11). In 2005, a total of 59.2% of the population used sewage system (Annex 12); 84.5% in towns, and only 19% in rural areas. This large disproportion between the coverage of the water supply system and the sewage system results mainly from high financial outlays for the provision and maintenance of this infrastructure, so high that local governments often cannot afford them. As far as regional differences are concerned, the largest density of sewage system in 2005 was recorded in rural areas of the following voivodships: Śląskie, Podkarpackie, Małopolskie, Pomorskie. At the same time, the lowest value of this indicator was recorded in the Lubelskie, Lubuskie, and Podlaskie voivodships. As regards the percentage of population using sewage system in individual voivodships, the highest percentage in 2005 was recorded in rural areas of the following voivodships: Zachodniopomorskie, Pomorskie, Podkarpackie, Kujawsko-pomorskie, Warmińsko-mazurskie, Wielkopolskie, Dolnośląskie. On the other hand, the Świętokrzyskie, Mazowieckie, Łódzkie and Lubelskie voivodships were characterised by the smallest numbers of people using sewage system. Having regard to the high level of provision of rural areas with water supply system, it may be assumed that the percentage of population using sewage system will increase in the years to come. It is estimated that in 2015 the value of this indicator will amount to ca. 75%.

There is a direct relation between the percentage of the population using the services of wastewater treatment plants and the sewage system coverage. While looking at the indicator illustrating the percentage of urban and rural population using the services of wastewater treatment plants, one may see a slow upward trend. In 2005, 85.2% of urban population and 20.4% of rural population used the services of wastewater treatment plants. As regards regional differences in presence of wastewater treatment plants, it may be concluded that inhabitants of rural areas located in the Zachodniopomorskie, Pomorskie, Podkarpackie, Warmińsko-mazurskie, Kujawsko-pomorskie, and Wielkopolskie voivodships have the easiest access to this element of infrastructure. A relatively low

percentage of rural population using wastewater treatment plants in 2005 was recorded in the following voivodships: Małopolskie, Podlaskie, Świętokrzyskie, Lubelskie, Mazowieckie, Łódzkie.

At the end of 2004, there were 2,416 collective wastewater treatment plants in rural areas, having total capacity of over 1 million m^3/24 hours and 28,869 individual wastewater treatment plants, which partially are an outcome of scattered settlement in rural areas, where installation of a sewage system requires a lot of capital. Therefore, adequate conditions should be created in these areas for providing households in rural areas with individual wastewater treatment plants.

Gas supply system

This technical infrastructure element used in the rural and urban areas can be observed primarily in southern voivodships, including the Małopolskie, Śląskie and Podkarpackie voivodships. (Annex 13) Moreover, the use of gas supply system is noted within the main gas pipelines and large agglomerations. In other areas, in particular those characterised by dispersed housing pattern, gas grid construction is apparently economically unjustified. Therefore, in those areas, gas supply systems are substituted for by gas delivered in cylinders, the distribution of which is very well organized in rural areas. It is assumed that around 96% of villages located outside the grid systems' accessibility zone adopt this solution. According to the Central Statistical Office data, in 2005, rural areas were inhabited by about 17.9% of the total number of grid gas consumers in Poland (Annex 14). At the same time, it should be stressed that owing to high maintenance costs of this source of energy, a great number of potential customers reduce or even quit gas consumption.

Electric energy

The electric energy supply grid is a common element of technical infrastructure and it may be stated that there are no major regional differences in this respect. The total length of the medium voltage electricity supply grids in rural areas amounts to 200,000 km. A large part of the grid dates back to the early 1950s, which results in frequent power cuts and voltage drops. It is a serious threat to the economic development of rural areas.

Telephone network

In Poland, the teledensity rate, i.e. the number of telephone lines per 100 people amounted to 32.7, which was still a low rate in comparison to the European average of 40.9 lines per 100 people. The disproportion in the number of telephone owners in urban and rural areas deepens. In cities, the teledensity rate reached nearly 41.0, and in rural areas, it was half the number - only 19.5 lines per 100 people. At the same time, it may be noted that the increase in the number of telephone subscribers slows down in rural areas compared to the second half of the 1990s. Many telephone owners have terminated their connections of landline (fixed) telephony. There may be many reasons for such phenomenon: too high cost of service, competition of mobile service providers and too limited offer regarding the modern comprehensive service needed by the most dynamic farmers and entrepreneurs.

Internet

In 2004, 15% of rural households had access to the Internet. The indicator of the households' access to the Internet was increasing in 2005 and 2006, fluctuating around 19% and 25% respectively (CSO, 2006). At the same time, there is an increase in the number of regular Internet users (using it at least once a month) in rural areas, in 2004 it was used by 11%, while in 2006 by 22% of inhabitants of rural areas. The number of agricultural holdings with access to the Internet is expected to continue to increase, and reach the level of 70% in 2015 (data, NSP 2005). Therefore, there is a great need for

such services, in particular in the context of eliminating youth education discrepancies between urban and rural areas[16]. For EU-15 countries, this indicator is 62%.

Indicator 32

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Internet take-up in rural areas	Ratio of households with access to the Internet in rural areas.	2005	%	18,8	--
		2006		25,1	

Road network

Road density and quality, especially of gmina roads, are basic factors influencing the widely meant local development. Gmina roads are a precondition of access to areas which are frequently located at a distance from urban infrastructure and which constitute potential investment areas. The density of gmina roads amounted to 47.8 km/100 km^2 of area and the total length of gmina roads was about 150,000 km at the end of 2004. The indicator of the density of access roads to agricultural land and forests amounted to 90.1 km/100 km^2 of area, and the total length of access roads to agricultural land and forests at the end of 2004 amounted to 280,000 km. At the same time, it should be stressed that the spatial distribution of roads is closely related to the population density or economic character of the regions. Therefore, the highest road density rates are found in the Małopolskie, Śląskie, Opolskie, Dolnośląskie and Wielkopolskie voivodship. It should be stressed that a relatively well-developed network of access roads to agricultural and forest areas is characterised by bad surface quality, which frequently obstructs access to the land. At the same time, the bus communication net, both municipal and private, is closely related with the quality of municipality roads, and offers the inhabitants the opportunity to reach towns and extra-agricultural working places without problems.

Environmental aspects of rural areas

Agriculture strongly affects the natural environment. On the one hand the landscape is extensively shaped by a long-lasting agricultural activity which formed a landscape mosaic and diversity as well as ensured the richness of plants and animal species related to some extent with the human activity. The existence of certain valuable natural habitats would not be possible without continuing traditional agricultural activity. On the other hand, agriculture may constitute a threat for the environment because of poor sustainability of the use of natural resources, excessive and irrational fertilization, non-adjusted agricultural techniques, non-compliance with good agricultural practices. Agriculture affects many environmental aspects such as water resources, biodiversity and natural habitat condition, soils, landscape, and even climate.

The intensive use of natural resources, which is characteristic for numerous European countries, does not concern the Polish agricultural model to such an extent, as it combines moderate increase of capital-intensity of production with relatively high labour-intensity.

Indicator 20

Indicator	Measurement	Year	Unit	Poland	EU-25
Water quality: gross nitrogen balance	Nitrogen surplus	1995	Kg/ha	42	55
		1996		41	
		1997		44	
		1998		40	
		1999		42	
		2000		46	
		2001		41	
		2002		48	
		2003		55	

[16] According to the data of the Ministry of Regional Development, 40% of households with access to the Internet are located in cities of over 100,000 inhabitants and 32% in cities with less than 100,000. Furthermore, 26% of inhabitants of cities with more than 100 000 inhabitants, 15% in cities with less than 100 000 inhabitants and only 5% of the residents of rural areas have broadband Internet access.

		2004		42	
		2005		49	

Indicator 21

Indicator	Measurement	Year	Unit	Poland
Water quality: pollution by nitrates and pesticides	Annual changes in concentration	1998-2002	mg $N\text{-}NO_3/L$	average annual 25

As compared with other EU countries, Poland with the nitrogen balance of 55kg/ha occupies a very good position. It is necessary to remember, however, that this level is achieved mainly due to low, in general, level of use of mineral fertilizers. In this aspect it is important to effectively prevent water pollution originating from animal production. This is closely related to meeting the requirements of the Nitrate Directive. In particular, standards related to the storage of natural fertilisers are important from the perspective of environmental protection in Poland, particularly within the framework of protection of water resources from pollutants of agricultural origin. Reaching these standards will result in meeting the legal requirements listed in the Nitrate Directive, Water Framework Directive and in national legislation.

Biodiversity

The biodiversity in Poland is counted among best-preserved in Europe. It is due to both favourable natural conditions and the unique (in comparison to other European countries) character of anthropogenic influence (uneven industrialization and urbanisation, traditional extensive farming still maintained in large areas and the existence of large old forests). Poland is characterized by large diversity of habitats, which create landscapes with mosaic biological structure. There are about 485 different types of plant assemblages in Poland. On agriculturally used land, there are around 45 types of plant communities used as meadows and pastures. 90% of those habitats are situated in lowlands, mainly in land depressions and river valleys. Half of them retained semi-natural features (10.5% of agricultural land).

The majority of valuable natural areas and objects are protected as 23 national parks [covering the area of 317,233.8 ha], 1,395 nature reserves (covering 165,244.7 ha), landscape parks (covering 2,516,855.7 ha) and 449 protected landscape areas (7,044,459.7 ha). Apart from these basic forms of nature protection, ecological areas, documentary stations, natural and landscape complexes as well as natural monuments are designated in Poland. The protected nature area covers 32.5% of the country (CSO, 2006).

Pursuant to the EU directives: Bird (Council Directive 79/409/EEC) and Habitat Directive (Council Directive 92/43/EEC), Poland is obliged to establish the European Ecological Network NATURA 2000 on its territory in order to protect 76 types of natural habitats, 267 birds species and 46 species of plants and 88 species of animals other than birds.

NATURA 2000 network is now at the implementation stage in Poland. These areas cover 15.45% (4,194,457 ha) of country land area. Natura 2000 areas are composed of 54.67% of forests (2,293,079 ha) including National Treasury forests - 49%, municipal forests – 0.27% and private forests - 5.40%), 19.26% of UAA (807,724,09 ha) including 17.34% of arable land and 19.24% of grasslands (806,996.6 ha).

By 30 May 2007 the Polish Government officially notified the Commission of the following:

- 107 - Special areas of bird special protection areas (SPAs) which now cover 11.8% of the country area; and
- 286 - Special areas of habitat conservation (SACs) – about 5.1%% of the country area.

In total, the government list includes 393 Natura 2000 areas, i.e. about 13.5% of the country area. It is expected that the Natura 2000 network may ultimately cover even around 17% of Poland, with the

utilised agricultural area of about 2 million ha and forests of about 3 million ha. As far as the management of Natura 2000 areas is concerned, Poland has neither management plans for these areas nor other obligatory protection instruments. Pursuant to the national legislation on nature protection issues, the management plans for Natura 2000 areas are drawn by the managing body, i.e. by the Voivode in the case of land ecosystems. According to the information delivered by the Ministry of Environment the voivodes have undertaken actions in this respect. Besides, since 2006 a project PL04/IB/EN/03 "Development of renaturalisation plans for nature and species habitats within Natura 2000 areas and management plans for selected species covered by the Bird Directive and Habitat Directive" is implemented under Transition Facility. Preparation of such plans is the first step towards establishment of legally authorized Natura 2000 area protection plans.

Indicator 17

Indicator	Measurement	Year	Poland	EU- 25	EU- 15	Source
Biodiversity: population of farmland birds	Change of the farmland bird population index characteristic of agricultural landscape (compared to year 2000 = 100)	2000	100.0			POLISH ASSOCIATION FOR BIRD PROTECTION (OTOP)/COMMON BREEDING BIRD MONITORING (MPPL)
		2001	95.0			
		2002	89.0			
		2003	89.0			
		2004	90.0	N.a.	97.2	
		2005	80.0			

Indicator 18

Indicator	Measurement	Year	Unit	Poland
Biodiversity: high nature value farmland and forestry	Surface area of high nature value farmland	2006	ha	N/d[17]

In Poland high nature-value areas for agriculture/forestry are not defined because of the lack of a clear and coherent definition of the areas which are to be considered as such. In Poland, various types of protected areas have been defined. They cover agricultural and forest areas, i.e. nature reservations, national parks, landscape parks, protected landscape areas, Natura 2000 network areas, natural and landscape complexes and ecological areas. The high natural value area (HNV) indicator will be based on the existing and already delineated protected areas.

Changes in the farmland bird index over the period 2000 – 2005 (indicator 17) show slow adverse changes in the biodiversity resources. Abandonment of habitats which are of marginal importance for agriculture, simplification of landscape structure or excessive intensification of agricultural production threaten the biodiversity of rural areas.

The problem of the protection of biodiversity of rural areas in Poland does not lie in the extensification of agricultural production, but in maintaining the preserved resources in good condition and avoiding the environmental effects of intensification or abandoning of agricultural land.

A further environmental limitation to farmers is the Nitrate Directive (91/676/EEC) and specifying the nitrate vulnerable areas (NVZs), where particular requirements are imposed on agricultural production. In Poland, 1.7% of the country area has been specified as NVZs. The extent of land areas particularly threatened in the meaning of the Nitrate Directive is shown in Annex 8. The areas have been established by way of regulations issued by the Directors of Regional Water Management Boards in 2004.

Natural soil and water conditions

Natural and soil conditions in Poland are worse than the average EU soil conditions. This is the result of the major influence of subsequent glaciations on the soil forming process, which led to the major part of the country being covered with light soils on sandy, permeable ground. These soils do not

[17] no data - the work on designation of HNV farmland in Poland is still in progress, and therefore there are no up–to-date date on this issue. The European Environmental Agency has the data regarding HNV farmland in Poland at the area of 2 million ha. This data is based on Corine Land Cover and therefore only estimated, and bearing high error risk.

enable the cultivation of a set of plants similar to the one cultivated by the EU farmers and do not produce comparable yields, especially by demanding species, such as wheat or vegetables. This situation is also an effect of climatic conditions (lower temperatures, shorter vegetation period and less rainfall).

Scoring European soils, classified according to their applicability in agriculture, undertaken on the basis of indicators used in the evaluation of soils in Poland, indicates a better quality of soil in the EU-15 as compared with Polish soil. The quality of soil in Poland has changed to a considerable extent as compared to earlier comparisons with other EU Member States. Basing on the particle size and water retention in soil in Europe, the estimated difference between soil quality in Poland and in EU-15 runs at about 25%.

Because light soils are coarse-grained, water retention is low, so that with low amount of precipitation, this adversely affects water-soil relations during the growing period, particularly across the Polish Lowland, where water deficits may amount to 250 mm in the growing season.

The important threats related to the condition of the environment include: wind, water surface and ravine erosion, concerning 27.6%, 28.5% and 17.5% respectively of agricultural and forest land, significant decrease of organic matter content in the soil has been noted on 54.4% of arable land area, density and acidification, with 54% of arable land particularly acidic. These problems co-exist with the limitation of water resources in Poland, resulting from unfavourable hydrological conditions - together these factors significantly limit the possibilities of the development of agricultural production.

Another danger is related with the cessation of farming on arable land, which results in complex effects for the environment and landscape. The area of fallow and idle land in the arable land in 2005 was 1,028.6 thousand ha in Poland (CSO, 2006). A part of arable land is excluded from production due to natural conditions (soil quality, relief, water conditions), economic and organizational conditions (for example, choice of production activity by an agricultural producer), and also due to external conditions. At the same time, the preservation of a number of natural habitats, the protection of bird breeding habitats and traditional rural landscape require extensive farming. Thus, when assessing the significance of the problem of agricultural land left behind, not only the scale of the process in time, but also the issue of uniqueness of endangered habitats and species must be borne in mind.

Poland is considered to be a country with low water resources. The volume of surface water resources varies both annually and multi-annually. Water resources are not evenly distributed; the central part of the country is affected by a water deficit, while the mountain regions in the south are often hit by intensive rainfall. In comparison to other European countries, Poland has low water resources and is characterized by large variations of yearly outflow. This implies the threat of floods and possibility of emergence of hydrological drought as a result of significant deficiency of ground water.

The indicator of water availability for population and national economy, expressed as a quotient of average annual discharge to number of inhabitants, is around 1300 m^3/inhabitant/year (the average in Europe: 4500 m^3/inhabitant/year) (CSO, 2005). Low capacity of storage reservoirs leads to the fact that they retain only 6% of annual discharge.

Shallow ground waters, which absorb a considerable amount of pollutants, including widespread pollution of agricultural, livestock breeding, horticultural and municipal origin, are of the lowest quality.

The quality classification of surface and ground waters (CSO, 2005) shows that water of III and IV quality classes prevail (1,193 in 1,566 measurement points), with very little class II water and no class I water. Lake water purity is much higher (CSO, 2005), as 61.7% of lakes have II class of water purity, and only 6.9% has unclassified. The quality of surface and ground water should improve constantly in

connection with activities undertaken to limit pollution, i.a., from agricultural sources, and to improve sanitation of rural areas.

Poland is situated within the limits of 10 river basins. Vistula and Odra basins cover about 95% of the country. In connection with the implementation of the Water Framework Directive in 2004, works has been completed at the national and regional level on the establishment of typology of surface waters, identification of uniform surface and underground waters, preliminary analysis of anthropogenic influence and its impact of surface and underground waters, economic analysis of water management and determination of protected zones. The analysis of anthropogenic pressure on surface and underground waters has allowed to identify water bodies at risk, not at risk and potentially at risk caused by failure to achieve environmental objectives of the Water Framework Directive (WFD). In 2005, the national programme of social participation in the process of WFD implementation was prepared. At the present, the WFD implementation schedule till the year 2015 is under way. Besides, on 22 December 2006 a surface and underground water monitoring consistent with the requirements of Water Framework Directive was launched. Development of water management plans and water-environmental programme is expected to be ready by the year 2009. At present it is not possible to specify the limitations for agricultural production and rural areas development resulting from the implementation of WFD.

In reference to the above mentioned issues, the important role of forests in the retention and alleviation of the extreme states of surface and ground water flows, counteracting soil degradation and erosion and turning the landscape into steppe or beneficial modification of hydrological and topoclimatic conditions in agricultural areas needs to be pointed out. In view of the above, the implementation of the National Woodland Extension Plan (1995, 2003) gains on importance, for it becomes an instrument supporting the tasks set forth by the Water Framework Directive.

Forests

Forests are very important for the improvement of carbon dioxide absorption potential – prevention of climate changes (at present, forests absorb 8% of total greenhouse gas emissions), land and water protection and landscape spatial cohesion enhancement, including ecological corridors (National Woodland Extension Plan 2003). Forest cover indicator is quite small in Poland - 28.8% of the total area in comparison to EU-25 where it amounts to 31% (EUROSTAT, 2000), as well as spatially varied – from 20.6% in Łódzkie voivodship (central Poland) to 48.7% in Lubuskie voivodship (western Poland).

Climate changes

As to the issue of greenhouse gas emissions, Poland ratified the Convention on Climate Changes (1994) and the Kyoto Protocol (2002), which enables participation in mechanisms of emissions trading included in these agreements. The estimated increase of the greenhouse gas emissions in our country will depend on the direction of its economic development. Proposed solutions show that, regardless of the approved variant, the reduction of these gases will exceed considerably the threshold (6%) of reduction commitments approved under the Kyoto Protocol and can reach further 30% of emission amount in base year 1998. Total greenhouse gas emissions in 2004 per emission source in Poland are presented in Annex 4.

In Poland – between 1988 – 2003 - greenhouse gas emissions fell by 30%. Estimated increase of the greenhouse gas emission in Poland will depend on the direction of its economic development.

The aforementioned commitments cover also agriculture in the following areas:

- improvement of the national energy effectiveness;

- promotion of sustainable silviculture to ensure absorption and retention of greenhouse gas emissions;
- promotion of sustainable agricultural practices;
- promotion and implementation of technologies which use renewable sources of energy, reduce CO_2 emissions, etc.

Agriculture is a major source of ammonia emissions (rearing pigs, cattle, poultry, use of artificial fertilisers). According to thematic strategy concerning air pollution (COM (2005) 446), it is assumed that ammonia emissions should decrease by 27% by 2020, as compared to 2000 emission level. It is assumed that the implementation of RDP instruments (modernisation of agricultural holdings, introduction of standards and agri-environmental activities) should influence the implementation of thematic strategy assumptions.

Implementation of the activities associated with air protection was discussed in the document approved by the Council of Ministers in October 2003 "Climate policy in Poland – strategies of greenhouse gas emission reduction in Poland by 2020". Solutions proposed in this document form recommendations for different sectors in the area of greenhouse gas emission reduction and further improvement of air quality in Poland.

Apart from the CO2 emissions from transport and farm work mechanisation, which will be increasing, there is another greenhouse gas emitted on farms and in rural areas – methane. Its emissions reach 50% of the overall emissions (cattle rumens, animal excrements, rural waste water treatment plants and waste dumping places, marshes and peat deposits). Besides, mineral nitrogen fertilisers and biological nitrogen fixation are sources of 80% of the most stable greenhouse gas, namely nitrous oxide.

Statistical data on overall emissions of basic air pollutants (CSO, 2006) show that emissions of ammonia to atmosphere decreased by 233 thousand tones between 1990 and 2004. (in 1990 - 550 thousand tones, in 2004. - 317 thousand tones).

Agriculture and forestry will contribute to the meeting of the Kyoto obligations by increasing energy effectiveness of the economy, protection of absorption and retention of greenhouse gases through the promotion of sustainable forest management, promotion of sustainable forms of agriculture, as well as promotion and implementation of technologies using renewable sources of energy, absorbing combustion CO_2.

Base indicator in the case of energy production in agriculture indicates great opportunities in the area of development of this source of energy carriers. In 2004 Poland produced 1.48% and 7.26%, respectively, kilotons and oil equivalent kilotons, of the total EU-25 energy fuels. This shows how great potential is hidden in this sector of farming. Taking into account the great interest in such crops it can be assumed that this sector is on the verge of dynamic development in Poland.

The use of renewable energy sources is becoming more and more significant when faced with the implementation of sustainable development philosophy, including the rural areas. In the coming years, renewable energy will be an important component of the EU energy balance. This will contribute to the realisation of the Kioto Protocol objectives.

Indicator 24

Indicator	Measurement	Year	Unit	Poland
Climate change: production of renewable energy from agriculture and forestry	Production of renewable energy in agriculture in agriculture	2000	Ktoe (1000 tonnes of crude oil equivalent)	3
		2001		4
		2002		7
		2003		15
		2004		27
		2005		48

Indicator 25

Indicator	Measurement	Year	Unit	Poland
Climate change: Utilised agricultural area (UAA) used for the production of renewable energy for the production of renewable energy	Area of utilised agricultural area intended for the production of energy crops and the production of biomass[18]	2005	ha	5 966
		2006		6,991.5

Indicator 26

Indicator	Measurement	Year	Unit	Poland
Climate change/air quality: Gas emissions from agriculture	Greenhouse gas and ammonia emissions from agriculture	1997	1000 tonnes of CO2 equivalent for greenhouse gases	1,859,42.2
		1998		1,810,13.2
		2001		1,408,25.8
		2002		1,360,16.1
		2003		1,381,33.0
		2004		1,672,73.2

In Poland the forecast of renewable energy share in the national fuel and energy balance assessment does not provide for more than 7.5% until 2010. The initiatives taken up to 2025 should result in further increase in production of fuels and electric power from renewable energy sources.

SWOT analysis

SWOT analysis

Strengths

1) **Agricultural and food aspects**

- Large land resources and the resulting production potential;
- Multi-branch agricultural production in the scale of the country;
- Increasing average size of an agricultural holding(regional differences);
- Advantageous conditions for the development of organic farming and other niche products.

2) **Environmental aspects**

- Small soil pollution and relatively good environmental conditions, resulting in large development opportunities for the production of high quality food;
- High biodiversity of rural areas providing a basis for the implementation of agricultural and environmental undertakings;
- High natural and tourist value of rural landscape.

3) **Social and economic aspects**

- Dense inhabitants net;
- Rich human resources allowing for the development of extra-agricultural activities;

Weaknesses

1) **Agricultural and food aspects**

- Low profitability of the agricultural sector;
- Low capital level and insufficient funding for agricultural holdings;
- Slow changes in the area structure of the farms;

[18] Surface area devoted to the growing of willow *Salix sp.* and the thornless rose *Rosa multiphlora val.*

- High percentage of poor and acidified soils;
- Setting aside large areas of farmland;

2) Environmental aspects

- Low water resources;
- Insufficient level of recognition of biodiversity resources in rural areas (absence of cross-country inventory of fauna, flora and habitat resources; the available data refer to selected groups of fauna and flora);
- high soil acidification.

3) Social and economic aspects

- Undeveloped technical and social infrastructure in rural areas (redional differences);
- Excess of labour force and high unemployment;
- Low occupational mobility of rural inhabitants;
- Low education level among the rural population, including farmers;
- Poorly developed network of services for the rural population.

Opportunities

1) Agricultural and food aspects

- Open access of agricultural products to the Single Market;
- Trade opportunities with third countries;
- Increase of consumers' purchasing power, resulting from economic growth and resulting in the demand for processed and niche products;
- Shaping of the group of economically viable holdings;
- Young labour force on the labour market.

2) Environmental aspects

- Maintenance of high biodiversity of rural areas to ensure high tourist and natural values of the rural landscape.

3) Social and economic aspects

- Increase in the attractiveness of rural areas as places of living and areas for leisure activities for inhabitants of Poland and other EU Member States.
- Young labour force on the labour market;
- Increase in grass–roots initiatives – Leader;
- Development of smaller towns as centres and occupational locations for rural areas inhabitants;

Threats

1) Agricultural and food aspects

- Barriers in trade with third countries;

2) Environmental aspects

- Non-rational agricultural management leading to increased natural environment pollution.

3) Social and economic aspects

- Increase of poverty and social exclusion in rural areas;
- Limited opportunities of employment diversification for persons leaving agricultural activities, resulting from slow economic growth.

Summary of rural areas diagnosis is presented in Annex 15.

Chapter 2. General strategy, transposition of Community priorities and establishment of national priorities

The basis for the implementation of the National Strategic Plan and thus for the implementation of support instruments for rural development for 2007 - 2013 under the Operational Programme Rural Development is the concept of multi-functionality of agriculture and rural areas. This concept assumes economic strengthening of agricultural holdings and the increase of agri-food sector competitiveness as well as the provision of instruments for diversification of economic activities in order to obtain and create alternative sources of income for rural population. This shall contribute to the improvement of life quality in rural areas through the development of sector of basic services for population and will constitute an alternative to presently predominant role of rural areas, which is food production. Because of slow structural changes in the sector, as well as significant number of farms, the planning of support instruments should take into account the needs of various agricultural holding groups.

An equally important aspect of rural areas in Poland, apart from economic function and good conditions for social development is their role in maintenance and restoration of landscape and nature resources, i.e. the preservation of good ecological condition of waters and soil, richness of habitats and biodiversity as well as the rural cultural heritage.

The analysis allowed for the identification of Poland's priorities presented in the table below. Due to the fact that in majority those priorities fall within the framework of Community priorities, the National Strategic Plan is coherent with the Community Strategic Guidelines as regards rural development. The scheme of translating Community priorities regarding rural areas into national priorities is presented below. Many priorities for particular areas corresponding to priority axes are universal within the axis and translate into numerous national priorities. National priorities, though more specific, cooperate well with EU priorities. At the same time they fully reflect the specificity of Polish rural areas with the wide range of their needs.

Areas (axis)	Community priorities	Poland's priorities
Axis 1 area: Competitiveness	Human capital	Improving the human potential
	Knowledge transfer	Improvement of vocational preparation
	Food and processing modernisation, innovation and quality	improvement of agricultural and forestry production quality and effectiveness
		Improvement of cooperation and concentration of supply and processing
		Preparing to implement the *cross-compliance* principle
	Physical capital	Improvement of infrastructure in rural areas
Axis 2 area: Environment	Protection of biodiversity	Protection of biodiversity
	Soil and water protection	Environmental protection, including soil and water protection
	Negative climate changes prevention	Increase in forest cover
Axis 3 area: Quality of life	Improvement of living conditions	Improvement of living standards
		Facilitating the information obtained from the Ministry of Agriculture and Rural Development, the summarizing chapter is being prepared.
		Improvement of infrastructure in rural areas
	Improvement of employment opportunities	Support for entrepreneurship and the creation of jobs outside agriculture
		Implementation of local strategies
Axis 4 area Local communities	Improvement of management	Creation of local partnerships, activation of communities
		Implementation of local strategies

The NSP strategy will be implemented by means of one programme on the basis of a set of axes defined in the Council Regulation 1698/2005.

Collective balance of the specific axes has been presented below.

PROGRAMME BALANCE - EAFRD MEASURES		%	EUR
Axis 1	min	10.00%	1,303,008,815.60
	max	65.00%	8,469,557,301.40
	planned	**41.37%**	**5,390,650,000.00**
Axis 2	min	25.00%	3,257,522,039.00
	max	80.00%	10,424,070,524.80
	planned	**34.05%**	**4,436,800,000.00**
Axis 3	min	10.00%	1,303,008,815.60
	max	65.00%	8,469,557,301.40
	planned	**22.74%**	**2,962,638,156.00**
	including Axis 3:	19.74%	2,572,638,156.00
	including Axis 4:	2.99%	390,000,000.00
Total for axes 1-4		**100.00%**	
Axis 4	min	2.50%	325,752,203.90
	max	100.00%	13,030,088,156.00
	planned	**4.83%**	**630,000,000.00**
	including the realisation of Axis 3	2.99%	390,000,000.00
Technical Assistance	max	4.00%	521,203,526.24
	planned	**1.51%**	**199,950,000.00**
Total			**13,230,038,156,00**

The financial division (%) between the axes has been done having taken into account the following aspects:

1. The necessity to realise the needs presented in the analysis with the keeping of minimum allocations specified in the Council Regulation 1698/2005.
2. Costs of implementing individual instruments (investments vs. human capital)
3. Experience and monitoring data from the realised programmes: SAPARD, RDP and Sectoral Operational Programme Restructuring and modernization of the food sector and rural development 2004 – 2006.
4. The need to take into account "old" obligations from the programming period 2004-2006, (ca. 2.8 billion EUR).
5. The opportunities of complementary funding for some tasks within the framework of Structural Funds.
6. Social consultations results.

As mentioned before, the majority of Polish priorities are in conformity with the Community priorities, i.e. they assume the reaching of added value within the meaning of EU priorities.

The program approach which will be implemented on the basis of the National Strategic Plan is compliant with the National Development Strategy for 2007–2015.

The Strategy defines the objectives and identifies the areas considered most important from the point of view of achieving these objectives, at which the country's measures will be aimed. It also takes account of the most important tendencies in the development of global economy, along with objectives posed by the European Union in the renewed Lisbon Strategy. The NDS gives priority to measures that will be taken between 2007 and 2015 in order to implement Poland's vision. The document was drawn up, taking into account the sustainable development principles. The document has been elaborated upon the observance of the sustainable development strategy.

The objectives and priorities of the National Development Strategy will be implemented through measures resulting from the basic governmental documents (above all the National Reform Program for 2005-2008 for the implementation of the Lisbon Strategy). Of particular importance will be the implementation of National Strategic Reference Framework for 2007-2013 and respective operational programmes and Rural Development Programme for 2007-2013.

The main EU economic development directions specified under the Lisbon Strategy are to lead to the increase of competitiveness of the European economy, to faster creation of new jobs and development of advanced technologies.

The National Development Strategy meets the assumptions of the National Strategic Plan as regards rural development by giving priority in the context of the implementation of the renewed Lisbon Strategy, inter alia, to the following issues:

1. Population and entrepreneurship.
2. Labour market.
3. Environment and natural resources.
4. Economic development.
5. Culture.
6. Infrastructure.

7. Regional diversification.

The assumptions of both documents mentioned above reflect the directions set out in the renewed Lisbon Strategy, namely, the promotion of sustainable economic development, competitiveness and employment determining the socio-economic development, also of the rural areas. The objectives have been reflected by the priorities and measures to be implemented under the Rural Development Programme 2007–2013.

The programme will be implemented horizontally i.e. in the whole country, taking into account the regional differences, by means of the opportunity of diversification of the access criteria and the spatial diversification resulting from the specific character of particular measures and first of all by separating the less favoured areas, areas particularly vulnerable to pollution by nitrates from agricultural sources and sites covered by Natura 2000 network. There is also a possibility to divide the financial resources for selected measures between particular voivodships in order to ensure equal access to the support. The implementation of certain instruments by the local government units (Marshall's offices) and the implementation of the Leader approach by Local Action Groups consisting of the representatives of the regions and local communities will constitute an important element of the regionalisation of the implementation of the measures of the Operational Programme Rural Development.

Chapter 3 Strategy as divided into axes, including quantity objectives, intentions and indicators applied.

National Priorities presented in Chapter 2 reflect Poland's needs within the scope of rural development and establish fundamental areas, according to which the specific instruments for support shall be programmed under the Rural Development Programme for 2007-2013 within four axes presented below.

Axis 1: Improving the competitiveness of the agricultural and forestry sectors

Taking into account the low level of specialization of agricultural holdings, underinvestment in the area of agricultural production infrastructure and fragmentation of holding structure, which translates into lower production effectiveness, it is necessary to provide adequate support instruments as well as to incur expenditure to cover the costs of agricultural holdings' adjustment to increasing Community requirements (including those related to environmental protection) and more intense competitive pressure exerted by producers from other EU Member States and third countries. In order to meet this objective, the activities intended to support the agricultural holdings restructuring process and strengthening of the assets, with the possibility to limit support for the largest holdings will be planned.

In addition, the support instruments of the European Agricultural Fund for Rural Development should aim at further improvement of food industry competitiveness, particularly as regards micro and small enterprises and support for the creation of added value of the primary agricultural production.

The improvement of agricultural sector competitiveness will also be implemented through the support for production quality and its promotion, rural infrastructure improvement and setting-up of agricultural producer groups.

As regards human resources in rural areas in Poland, there is a need for a wide support in the area of education and skills improvement.

The increase of education level and skills improvement will be implemented through vocational training, information and training activities and provision of the access to advisory services. This support will cover both the agricultural and forestry sector.

The previous activities carried out by advisory services for farmers and inhabitants of rural areas focused mainly on preparation of the farmers for integration with the EU and on enabling the use of aid from Community funds. The new challenges imply an increasing engagement of consultancy in the process of upgrading skills and knowledge in the field of modern farming, pro-environmental methods of agricultural management (including organic and integrated farming), managing the holding as an enterprise, application of the cross compliance principle, standards of production, public health, animal welfare, food quality and application of good agricultural and forestry practice compliant with environmental protection requirements and active protection of natural resources.

The improvement of competitiveness of agriculture requires land re-parcelling through the improvement of the transfer of utilised agricultural area from the ineffective holdings or land not used for agricultural purposes to the efficient holdings. What is also necessary is technical modernization of holdings (both in respect of industrial and sustainable technologies), development of production services, creation of efficient production and trade chains, particularly with regard to quality products, which include all links from scientific laboratories to trade and gastronomy.

On the other hand, in order to accelerate adequate structural changes, the instruments of support targeted at young farmers will be planned. Moreover, income sources will be ensured for the persons in pre-retirement age, who abandon agricultural production.

Axis 1 Balance: Improving the competitiveness of the agricultural and forestry sector:

In the case of Poland, the greater emphasis shall be put on activities related to modernisation of agricultural holdings and agri-food industry (ca. 40%) as well as adjustment of the farmers' age structure and area structure of agricultural holdings (ca. 45%). Other measures, including those related to the development of human capital, food quality (ca. 15%).

Axis 2: Improvement of the environment and the countryside

According to the modern concept of the agriculture model, which takes into consideration the outcome of the European Council meeting in Göteborg that introduced the issue of sustainable development as a necessary condition for achieving other economic development objectives - apart from their basic function which is the production of agricultural products, rural areas play an important role in the protection of environment, including the protection of water resources and soils, land management, protection and preservation of habitats and biodiversity.

The sound condition of the environment and biodiversity of Poland are exceptional as compared to other European countries. Therefore, special support instruments and incentives for farmers will be introduced which will be favourable for conservation and improvement of natural habitats and species sanctuaries constituting the public good. The objective will be implemented by means of direct measures concerning appropriate agricultural practices within the agricultural holdings, such as the promotion of sustainable management, appropriate use of soils and waters protection, land structure management, the restoration of the values or the conservation of valuable habitats which are used for agricultural purposes. The areas included in the Natura 2000 network and the areas where measures compliant with the Water Framework Directive (2000/60/EC) are to be implemented within the scope of Community activities related to water policy are of special importance in this respect.

The Rural Development Programme for 2007-2013 provides for the measure "Natura 2000 payments and payments linked to the Water Framework Directive" which consists of Scheme: Natura 2000 payments and Scheme: Payments linked to the Water Framework Directive (Water environment programme).

The measure will be implemented after the development of management plans (or other equivalent instruments for managing these areas) required by the EC are developed for Natura 2000 areas, as well as water management plans for the Payments linked to the Water Framework Directive.

Such aid will be additionally and synergically complemented with instruments related to the diversification of economic activities towards non-agricultural activities such as those connected with tourism, artisan activities, service provision, etc.

Preservation and good condition of environment in rural areas, including achievement and maintaining of good condition of water and soil, depends inter alia on the continuity of land use in these areas, and traditional meadow and pasture use. This concerns also areas where it is hardly profitable due to impediments caused by lower quality of soil, and hill or foothill location. In these regions, there is a risk of marginalisation and abandonment of agricultural activity on utilised agricultural area of lower quality. It will be necessary to provide support for the use of utilised agricultural area in these regions. The area planned to be covered with the instruments supporting avoidance of marginalisation and abandonment of agricultural activity within arable land of lower quality constitutes over 53% of the country area.

The improvement of the environment and sustainable use of rural areas concerns not only arable land but also the forests. The instruments are planned which will contribute to the increase of the forest cover in Poland by allocating utilised agricultural area (used and set aside) for afforestation.

Axis 2 Balance: The pro-environment activities in Poland, such as agri-environmental program and the support for Natura 2000 areas (provided for in the development of the management plans), are important from the point of view of well-preserved natural resources and related potential for implementation. These activities shall be promoted both in the areas of high natural values and areas exposed to an excessive environmental pressure excised by agriculture. Support for less favoured areas is a more popular and more accessible instrument for farmers than agri-environmental programmes. Nevertheless, the agri-environmental programmes will have a more significant role in the future than currently.

Axis 3: Quality of life in rural areas and rural economy diversification

The improvement of the quality of life in rural areas is an objective which is connected both with the basic tendencies of economic and social development of agricultural holdings by means of strengthening their economic potential, their restructuring and modernization and with good living conditions in terms of the quality of the environment and landscape, social and technical infrastructure.

The instruments available under Axis 3 are complementary to the priorities defined under the first two axes and may create synergy which positively influences the rural population. Encouraging economic activity in rural areas will indirectly influence also the possibility to concentrate agricultural production and the transfer of population involved in agriculture to other sectors of economy, which in turn will help to provide conditions favourable for transformations within agricultural sector, including in particular the reduction of hidden unemployment, enlargement of farm size, modernisation of farms, improvement of competitiveness and market orientation of production.

The first group of measures concerns diversification of economic activities. In Poland such actions constitute great chance for rural habitants, most of all due to large human resource base and high level of unemployment. The most important tasks include an increase in the added value of products e.g. by conditioning, stimulation of the market in local and regional products, tourism, trade, advisory and other services.

In this context the priority is to ensure the employment and income through the development of non-agricultural activities. The low income resulting from insufficient use of labour resources of rural families is a key social and economic problem. Agriculture will absorb increasingly less labour resources while the strategic vision assumes that the rural areas will maintain the active character. Therefore, rural labour resources should be increasingly employed in non-agricultural activities. In view of the above, it is especially important to provide a wide support for the process of creating non-agricultural jobs in rural areas and for facilitating the employment or rural population in local towns.

It is the towns that have to play a particular role in the process of rural development as they are the places where rural population may find jobs and increase their level of education and skills, as well as satisfy their health needs and cultural aspirations. It is therefore especially important to support the development of those functions of small towns and selected gminas, directly connected with restructuring processes in rural areas, including in particular health services, secondary level education, development of small enterprises in non-agricultural sectors, tourism and spa functions.

The second group includes the instruments aimed at improving the quality of life. They concern rural renewal, improvement of cultural and natural heritage. They take fully into account important social and cultural functions which will undoubtedly contribute to improvement of the quality of life and may be an additional factor, governing structural transformations and counteracting depopulation, a factor that may create even stronger feeling of identification of rural population with their region, with all its traditions and values.

Axis 3 Balance: In Poland, both the instruments supporting creation of new jobs (40% of the funds allocated for axis 3) and the quality of life (60% of the funds allocated for axis 3) are strongly related and should be implemented under the observance of the principle of complementarity with measures taken by other funds.

Axis 4: Leader

LEADER is a cross-sectional approach, allowing for realisation and implementation of the objectives, in particular those of Axis 3.

The main objective of Axis 4 is mobilisation of rural population through social capital building in rural areas, increase in the potential for acquisition and use of financial resources, as well as improvement in the management of local resources and their valorisation.

In order to stimulate rural communities, social partners must be involved in the process of planning and implementation of local initiatives. The LEADER approach supports this objective.

The LEADER is an approach to rural development which consists in the elaboration of a rural development strategy by local rural communities and implementation of the innovative projects resulting from it and combining available resources, knowledge and skills of representatives of 3 sectors, namely. public, economic and social. Those representatives form the so called Local Action Group – an inter-sectoral partnership which selects the projects, and the implementation of those projects helps to achieve the objectives of the jointly developed strategy.

Such a bottom-up approach will strengthen the coherence of decisions made at the local level. It will increase the quality of management and contribute to the strengthening of social capital in rural communities and will also encourage application of innovative solutions in regional development.

The elaboration of local strategies results in many benefits, the most important of which include the more efficient use of local resources (human, natural), the adjustment of activities to the needs of the entities operating in a given area. Moreover, local approach helps in the establishment of the desired and best fitted development directions and also facilitates the definition of the problems of the area and allows for the establishment of the ways of tackling them.

The number of applications submitted by beneficiaries in the 2004-2006 programming period proves that there is a huge interest in the Leader, which shows the need to implement this instrument taking into account the changes necessary to improve the implementation. Under Scheme II of the Pilot Leader + Programme for 2004 – 2006, about 162 Local Action Groups have been classified in the list of the Minister of Agriculture and Rural Development.

It has been planned that Local Action Groups operation covers approx. 50% of the rural areas which meet the requirements of the Leader approach, and the number of Local Action Groups should be increased by about 50% as compared to the number of Local Action Groups already established in the programming period 2004 – 2006.

All these elements involved in the Leader approach will certainly be conducive to better implementation and fund absorption under the remaining axes, particularly under Axis 3, where the nature of measures and their basic objective correspond to the concept of making Local Development Strategies.

The implementation of Axis 4 will in the long term contribute to achievement of objectives of the renewed Lisbon Strategy and of the Göteborg Strategy, including increase of the number of jobs and of economic diversity of rural areas. The implementation of the LEADER approach will allow for the strengthening of social capital in rural areas, the improvement of self-organisation and management at the local level. The implementation of bottom-up integrated local strategies will help to maintain sustainable growth of rural areas, including the conservation of rural cultural and natural heritage.

Axis 4 Balance: Actions carried out by Local Action Groups aimed at proper functioning of LAGs, achieving skills and activation within the areas of LAGs constitute approx. 20% of funds allocated for Axis 4, whereas the implementation of local development strategies, implementing the objectives of Axis 3 – approx. 80% of funds. Both directions are complementary and important, it is therefore necessary to create the potential of Local Action Groups so that they can effectively implement local development strategies and contribute to the implementation of Axis 3. Due to financial scope the implementing of local strategies will be of growing importance in a long term within the territory of the whole country.

Table 6. Target values of impact indicators.

No	Name of the indicator	Target value
1	Economic growth[19]	Estimated increase in the value of the GDP indicator in 2015 by 50.1% in relation to base value as of 2006[20] (including 0.41% from RDP) Base value: EUR 236,047 million[21] Target value: EUR 356,375 million[22]
2	Jobs creation[23]	Estimated increase in the value of the GDP indicator in 2015 by 2.7% in relation to base value as of 2006 Base value: 13, 854 (thousand people)[24] Target value: 14,226 (thousand people)[25] Target value with RDP: 79,06 (thousand people)[26]
3	Labour productivity[27]	Estimated increase in the value of the indicator in 2015 on the level of 47.8% in relation to base value as of 2006 (including with RDP 0.49%) Base value: EUR 15,070 per person[28] Target value: EUR 22,270[29] per person
4	Reversing biodiversity decline (measured by Farm Bird Index)[30]	Estimated decrease in the value of the indicator in 2015 on the level of 20% in relation to base value as of 2000 Base values: 0.8 – 80% (2005); 1.0 – 100% (2000) Target value: 0.6 (60%) of base value as of 2000[31]
5	Preservation of land with high natural value in agricultural and forest areas[32]	Base value: No data Target value in 2015: No data

[19] Source: Evaluation of the impact of the Rural Development Programme (RDP) for 2007-2013 on Polish economy by means of the HERMIN macroeconomic model, Wrocław Regional Development Agency/ Wrocław / 2007

[20] A change in the level of GDP in fixed prices of 2000, not converted according to the Purchasing Power Standard. It is possible to make forecasts of the GDP and its elements by means of the HERMIN model, however, without taking the PPS (Purchasing Power Standard) conversion mechanism into consideration. It would be possible to take the PPS into consideration in conducted simulations only on the condition that the data from National Accounts (concerning GDP), as well as RDP financial data would be available according to PPS.

[21] The value of GDP in million PLN in fixed prices of 2000, not converted according to the Purchasing Power Standard, but converted into EUR by the exchange rate PLN 3.9038, being an average rate for 2006, estimated on the basis of monthly exchange rates published by the European Central Bank.

[22] As above

[23] Source: Evaluation of the impact of the Rural Development Programme (RDP) for 2007-2013 on Polish economy by means of the HERMIN macroeconomic model, Wrocław Regional Development Agency/ Wrocław / 2007

[24] Data on the number of persons employed are calculated according to the BAEL methodology for the following age band: Females 15-59, males 15-64.

[25] As above

[26] Value for the year of 2013.

[27] Source: Evaluation of the impact of the Rural Development Programme (RDP) for 2007-2013 on Polish economy by means of the HERMIN macroeconomic model, Wrocław Regional Development Agency/ Wrocław / 2007

[28] Value estimated as a level of Gross Value Added in fixed prices of 2000 (in PLN) divided by the number of employed people. Gross Value Added converted into EUR by the exchange rate PLN 3.9038, being an average rate for 2006, estimated on the basis of monthly exchange rates published by the European Central Bank.

[29] As above

[30] Source: Data gathered under the Monitoring of Common Breeding Birds / the Polish Society for the Protection of Birds / Warszawa / 2007

[31] Target value is based on the indicator trend up to date. Lack of index target value resulting from the implementation of the Programme is a consequence of no empirical data from the period 2004-2006. The preliminary estimates of the impact of 2004-2006 RDP can be made in 2008. This will be reflected in a systematic verification of the index target value conducted within the framework of the evaluation of the Programme.

		Target value with RDP in 2015: 590,000 ha[33]
6	Water quality improvement[34]	Estimated increase in the value of the GDP indicator in 2015 by 13% in relation to base value as of 2005 Base value: 48.6 kg N/hectares Target value: 55 kg N/hectares[35]
7	Prevention of climatic changes[36]	Estimated increase in the value of the GDP indicator in 2015 by between 2.05 to 3.04 Mtoe in relation to base value as of 2005 Base value: 3.9 Mtoe Target value: between 5.95 to 6.94 Mtoe[37]

Chapter 4 Financial resources of Operational Programme Rural Development (indicative allocations), including amounts earmarked for Convergence Objective.

EAFRD CONTRIBUTION*	EUR 13 230 038 156.00

*The whole area of Poland is covered by the Convergence objective.

Chapter 5 Internal and external coherence of NSP

Internal coherence of NSP – synergy between axes

The instruments available under respective Axes are complementary to each other and may create synergy which positively influences the rural population. Main synergy relations between axes are presented below:

Axis 1 and Axis 2 – Trainings and advisory provided to farmers as regards environmental protection, which are related to pro-environmental projects; allow for manufacturing high quality products (e.g. organic products) and for environmental protection;

[32] EUROSTAT / European Environmental Agency / 2000 and the calculations of the Ministry of Agriculture and Rural Development / Warszawa / 2007

[33] The preliminary estimates of the impact of RDP 2004-2006 can be conducted in 2008. This will be illustrated in a systematic verification of target value for the index, made under the evaluation of the Programme. The target value for the index for 2015 was obtained on the basis of data obtained under the RDP 2004-2006 monitoring. For the purposes of calculation (on account of the short time sequence of data resulting in the lack of reliable and stable increasing tendency) the annual average increase of area of high natural value land within agricultural and forest areas in [ha], covered by support under RDP 2004-2006 was used. The value will be verified and updated under the evaluation of RDP 2007-2013.

[34] Source: Expert opinion "Assumptions for the forecast gross nitrogen (N) balance for Poland in 2015". / Institute of Soil Science and Plant Cultivation – National Research Institute / Puławy / 2007

[35] Target value is based on the indicator trend up to date. Lack of index target value resulting form the implementation of the Programme is a consequence of no empirical data from the period 2004-2006. The preliminary estimates of the impact of 2004-2006 RDP can be made in 2008. This will be reflected in a systematic verification of the index target value conducted within the framework of the evaluation of the Programme.

[36] Source: Strategia rozwoju energetyki odnawialnej / Ministry of the Environment / Warszawa / 2000, Rocznik Ochrony Środowiska Głównego Urzędu Statystycznego / Warszawa / 2006 and the calcualtions of the Ministry of Agriculture and Rural Development / Warsaw / 2007

[37] At present, it is impossible to assess the impact of RDP 2007 – 20013 measures on the gross increase of renewable energy production. This is a result of the lack of RDP 2004-2006 monitoring data (measures associated with the aid for energy production from renewable sources are referred to in RDP 2007 – 2013 for the first time), or of an excessively short time series of data (the case of aid for dedicated crops for energy sector – willow (Salix sp). and thornless rose (Rosa multiphlora) under measure 9 "Complementing area payments" of RDP 2004 – 2006). It is assumed that the index target value resulting from the implementation of the Programme, measured on the basis of the increase in the share of energy production from renewable sources, will be proportional to a gradual increase in the amount of granted aid for the projects supporting the use of renewable energy sources (RES) under the framework of appropriate RDP 2007-2013 measures. The base and target value resulting from the implementation of the Programme will be estimated and verified within the framework of RDP 2007-2013.

Axis 1 and Axis 3 – increase in the added value of agricultural production (processing) and establishment of new jobs; high quality products and tourism (diversification), diversification of activity and making use of the advisory services;

Axis 1 and Axis 3 – support for the use of renewable energy sources, counteracting climate changes

Axis 2 and Axis 3 – landscape protection, biodiversity influence the diversity (e.g. tourism), quality of life (improvement of water quality, quality of environment and landscape), services provided to residents (e.g. water and sewage management system) – environmental impact;

Axis 3 and Axis 1 – providing access to the market and conditions for the operation of enterprises, services for residents, infrastructure, quality of life, creation of new jobs under Axis 3 limits the surplus of human resources in agriculture;

Axis 4 against other axes – animation of local communities impacts the implementation of objectives of all axes, e.g. landscape protection or protection of cultural heritage, manufacturing of traditional products influences preservation and development of local identity.

Coherence with EU strategic documents

Priorities specified in the National Strategic Plan are directly related to objectives set forth in Community Strategic Guidelines for Rural Development 2007-2013. Therefore, support under respective measures is aimed at creating added value at the EU level.

National Reform Plan, which lies in line with the assumptions of the National Strategic Plan reflects the directions set out in the renewed Lisbon Strategy, namely, the promotion of sustainable economic development, competitiveness and employment. The following priorities contribute mostly to the implementation of this document: improvement in human potential, establishment of new jobs, improvement of services and increase of infrastructure, and to a lesser degree the improvement in quality and effectiveness of production and processing improvement.

The assumptions of the Plan take into account the guidelines originated as a result of meetings of the European Council in Göteborg, which stress the issue of sustainable development as an indispensable condition for achieving other economic development goals, and refer to measures regarding organic farming (*Action Plan for Organic Farming*) established at the Community level, the last Communication of the European Commission on Renewable Energy and climatic changes. Objectives indicated in Göteborg are implemented mainly by measures under Axis 2, although the projects pointed out in other axes must ensure positive impact on the environment.

In relation to priority directions of activity set forth in the 6th Programme of activity of the EU in the area of environmental protection a document: "National Environmental Policy for 2003 – 2006 including perspective for 2007 – 2010" was developed and remains consistent with working practices of EU, where mid-term Community action plans concerning environmental issues have been prepared for many years now. Actions aimed at the protection of the existing natural resources in rural areas and prevention of environmental consequences of the intensification of agriculture – under axis 2 – remain an element of the implementation of objectives set forth in the 6th programme of works covering the period until 2010. The provisions of Water Framework Directive, as well as activities implemented within the Natura 2000 network, are reflected especially in measures taken under Axis 2. The Plan also reflects the goals set forth in the *Thematic Strategy for Soil Protection*, in the form of actions taken under Axis 2, which are aimed at preventing degradation and erosion of soil. The energy policy defines basic directions and principles of actions enabling implementation of the objectives of dynamic use of renewable sources of energy, including the perspective by 2025.

The issues relating to implementation of fire protection of forest land resulting from the provisions of Council Regulation (EC) *Forest Focus* and of the National Woodland Extension Plan, as an instrument of the implementation of *EU Forest Strategy* are reflected in the activities of Axis 2.

Coherence with national strategic documents

National Strategic Plan complies with national strategic documents concerning agricultural sector and rural areas. The document is in particular compliant with Action Programme of the Government of Republic of Poland within the scope of agriculture and rural areas (Objectives of I and II level). The priorities that are specified in National Strategy Plan are complementary towards each other ad their scope of support considers the needs of various groups of holdings operating in Polish rural areas. The priorities and consequently the suggested forms of support in all axes are complementary towards each other and constitute a wide offer from which the agricultural producers may use respectively to the capacity of the holdings, their location, environmental and social potential and investment opportunities. Support for improvement of competitiveness and protection of environmental and natural values will be additionally complemented by instruments related to the diversification of economic activities towards non-agricultural activities such as those connected with tourism, crafts, services etc.

In addition, the directions of the agriculture and rural areas development, together with long-term strategy for activities are shown in other national strategic documents, which include:

- National Development Strategy 2007 – 2015 (Ministry of Regional Development)

This document includes the basis for sustainable development, which include equal treatment of three basic pillars: economic, social and environmental. National Development Strategy is the basis for preparation of National Strategic Reference Framework (NSRF), operational programmes for 2007-2013 and governmental and local development programmes;

- Draft National Strategic Reference Framework (NSRF) (Ministry of Regional Development, 2006).

The document defined the main objectives and development priorities of Poland in the field of cohesion policy. One of the objectives of NSRF is Objective 6 entitled: "Balancing development opportunities and supporting structural changes in rural areas".

- National Reform Programme 2005-2008 (Ministry of Economy, 2005)
- National Framework Programme (Ministry of Scientific Research and Information Technology, 2005)

Document defining priority areas and research directions of fundamental significance to social and economic development of the country from the acceleration of development processes viewpoint. One of them is the area Agriculture and food, including multidisciplinary issues, especially concerning the principles of food production and quality evaluation as well as impact on human body and safety.

- "National Environmental Policy for 2003 – 2006 including perspective for 2007 – 2010" (Ministry of the Environment, 2002)

This document covering 2003 – 2006 and 2007 – 2010 shall be treated as an update and more detailed description of long term "II National Environmental Policy", especially within the scope of priority actions as defined in recently accepted VI Action Programme of EU concerning environmental issues.

"National Environmental Policy for 2003 – 2006 including perspective for 2007 – 2010" adjusted to requirements of a new Act is consistent with working practices of EU, where mid-term Community action plans concerning environmental issues have been prepared for many years now. The current, sixth programme of such actions, as mentioned above shall enter into force in 2010.

- "National Woodland Extension Plan" (Ministry of the Environment, 2003)

This programme includes guidelines on the means and ways to manage the land defining terms of reference for all institutions and units involved in its implementation. The size of land intended for afforestation is estimated to reach 1.5 million ha of arable land in 2050. In closer perspective i.e. 2001-2020 the size of land for afforestation is estimated on approximately 700 thousand ha.

- "National Strategy for Protection and Restrained Use of Biodiversity"(Ministry of the Environment, 2003)

The objective of the strategy actions as implemented within all aspects of human activity (economic, research and science, legal and educational) shall facilitate achievement of superior objective, which is to preserve all domestic natural wealth and ensure sustainability and possibility of development of all levels of its organization (intra-species, inter-species and above-species). The strategy indicates various actions within the scope of agrarian activities that will be conducted by means of usage of instruments included in Rural Development Programme.

- "Timber Industry Strategy by 2006" (Ministry of Economy, Labour and Social Policy, 2003)

It aims to create conditions enabling proper functioning and development of national timber industry and presents situation of that sector as well as indicates its strong and weak points resulting from previous course of transformation, and against that background necessary measures to improve the potential for competition on a uniform European market. Another document including the period by 2010 is to be prepared.

- "Polish Energy Policy" (Ministry of Economy and Labour, 2005)

The energy policy defines basic directions and principles of actions enabling implementation of the objectives of dynamic use of renewable sources of energy, including the perspective by 2025.

- "Water Management Strategy" (Ministry of the Environment, 2005)

The strategy defines basic operation principles and areas of actions enabling implementation of the idea of permanent and sustainable development of water management in Poland. This objective shall be reached by creating efficient system that will use available legal mechanisms and economic instruments to ensure the maintenance of good ecological condition of waters, water ecosystems, and water dependent ecosystems, allow meeting justified needs regarding water management, increase flood protection of a country and protect against effects of draught.

The issues relating to implementation of fire protection of forest land resulting from the provisions of Council Regulation (EC) *Forest Focus* have not been prepared in form of a separate strategic document. Tasks relating to fire prevention and protection of forest land were implemented directly to Polish legal system through the amendment to the Act on forests and study and publication implemented under current tasks of services responsible for forests fire prevention and protection in Poland.

Cohesion of National Strategic Plan with National Strategic Reference Framework

National Strategic Reference Framework (Ministry of Regional Development, 2007) sets out the main objectives and development priorities of Poland as regards cohesion policy. One of the six NSRF objectives is equalisation of the development chances and support for structural changes in rural areas.

In order to ensure coordination between managing authority of RDP and institutions managing operational programmes of which the NSRF constitutes the basis the document contains provision that "Minister of Regional Development in cooperation with Minister of Agriculture and Rural Development shall coordinate coherence of provisions of sector and regional operational programmes as regards rural development".

Therefore, at the stage of works on operational programmes, the representatives of the Minister of Agriculture and Rural Development and the representatives of the Minister of Regional Development and other intermediary institutions took part in the works of working groups developing these programmes. Regardless of the above mentioned facts, the representatives of those authorities shall be represented in monitoring committees related both to the programmes under Cohesion Policy and Common Agricultural Policy.

The analysis of the situation as regards rural development as well as legal regulations concerning European Agricultural Fund for Rural Development indicate that it is necessary to implement measures exceeding the possibilities created by instruments co-financed by European Agricultural Fund for Rural Development to achieve harmonized development of rural areas in Poland. In order to complement the required level of support - necessary in scope of identifiable needs of rural areas – it is necessary to exploit all measures under other Community policies, in particular Cohesion Policy.

Structural changes in agriculture result in decrease in both the number of agricultural holdings, as well as of persons employed in agriculture. Therefore, it is necessary to conduct activities that will allow rural population to seek employment and sources of income in non-agricultural sectors in more extensive way, without the need to change in the place of domicile.

The following factors have been deemed as influencing the development opportunities of rural areas: agriculture and food economy, rural technical infrastructure (water supply and sewage systems, roads), environment, natural resources and cultural heritage, educational opportunities of rural population, entrepreneurship and attractiveness for investment, availability of information and modern communication techniques as well as quality and availability of public services and accessibility for rural inhabitants of economic development centres and main transportation routes.

The creation of new non-agricultural jobs that are accessible for rural population requires coordinated action with the use of not only of European Agricultural Fund for Rural Development measures, but also within the framework of cohesion policy, with the use of European Regional Development Fund and European Social Fund instruments, which include:

- Support for self-employment and in creation of micro-businesses;
- Developing investment attractiveness of rural areas and encouraging external investors;
- Improvement of communications between centres of economic development and rural areas, which will enable the pendulum spatial mobility of rural population and the use of employment opportunities offered by that centres;
- Support for general and vocational education, including life-long education of rural population, which will enhance their professional mobility.

In order to achieve the synergy effect within 16 regional programmes, OP Infrastructure and Environment, OP Innovative Economy, OP Development of Eastern Poland, co-financed by European Regional Development Fund and OP Human Capital, co-financed by European Regional Development Fund and Cohesion Fund and OP Human Capital, co-financed by European Social Fund, should support the rural development within the scope provided by NSRF.

The above mentioned programmes should – as far as possible - take into account the following directions of support, important also for rural development and categorized as follows:

1. Development of and improvement in the local infrastructure.
2. Development of entrepreneurship and investment attractiveness of rural areas.
3. Investments in human capital and standardization of educational chances of rural population.
4. Improvement of quality and increase of access to public services in rural areas.
5. Extending influences of biggest economic development centres to rural areas by increase of their access for rural population.
6. Social exclusion in former National Agricultural Holdings, as well as areas formerly dependent on fishery.

Because of the fact that the scope of aid, especially in the case of Axis 3 – improvement of the quality of life in rural areas and economic diversification of rural areas – and Axis 4 Leader may potentially overlap with the scope of assistance under programmes co-financed by structural funds, all managing and intermediary institutions jointly work on developing demarcation lines programmes under the Cohesion Policy and RDP 2007-2013. Depending on the measure, scope of support and potential beneficiaries, these will be based on the definition of the beneficiary, the administrative boundary, the scope of aid or the scale of the Project. The appropriate management, depending on the support instruments, will be coordinated on the regional level via the voivodship self–governments or ARMA. The voivodship self-governments as entities involved in RDP 2007-2013 and regional operational programmes implementation, followed by the implementation of the Operational Programme Human Capital, will be able to carry out efficient cross-checks and eliminate the risk of double financing. As regards cross-checks, the voivodship self-governments will closely cooperate with ARMA. Next to cross-checks, the system of invoice validation will ensure double financing or partial financing of the projects.

Under Axis 3 of RDP 2007-2013, the following demarcation line with other programmes is planned:

Measure entitled: ***Basic services for the rural economy and population***

Projects:

- projects **related to water supply and wastewater management** shall be implemented under RDP 2007-2013 in localities belonging to urban gminas or to urban-rural gminas, excluding towns over 5 thousand residents, or in localities of urban gminas with the population below 5 thousand.

  The regional operational programmes will use ERDF funding to implement individual projects determined in the National Program for Urban Sewage Treatment, concerning sewage treatment and water supply in agglomerations with population equivalent (p.e.) to 15 000, excluding areas supported under RDP.

  In addition, projects financed by the Cohesion Fund resources in agglomerations over 150 000 p.e. are to be implemented under OP Infrastructure and Environment. As regards projects where there is only one beneficiary of measures and the project concerns the comprehensive solving of water supply and wastewater management problems in a given area, it is possible that projects

implemented in agglomerations between 2000 p.e. and 15000 p.e. will be included in the scope of the measure.

- projects **related to establishment of municipal waste collection, segregation and disposal system** shall be implemented under RDP 2007-2013 in localities belonging to urban gminas or to urban-rural gminas, excluding towns over 5 thousand residents, or in localities of urban gminas with the population below 5 thousand. Projects may include one or more localities in these gminas, however, the support is not granted for the establishment and modernisation of dumps.

  The regional operational programmes will use ERDF funding to implement projects in the scope on waste management provided for in the voivodship Waste Management Plan, and those projects cover municipal waste management in areas not covered by RDP and servicing up to 150 thousand people. Projects concerning dumps are exceptions that may be implemented in all localities.

  On the other hand, under OP Infrastructure and Environment, systems servicing over 150 000 residents are to be implemented with the Cohesion Fund resources. Large competition projects will be implemented, paying special attention to implementation readiness criteria. The projects should be coherent with the National Waste Management Plan and the voivodship Waste Management Plans.

- as **regards the production, supply and distribution of electricity and energy produced from renewable sources**

  Projects relating to production or distribution of energy produced from renewable sources shall be implemented under RDP 2007-2013 in localities belonging to urban gminas or to urban-rural gminas, excluding towns over 5 thousand residents, or in localities of urban gminas with the population below 5 thousand. Maximum amount of aid for implementation of projects in one gmina cannot exceed PLN 3 million within the Programme implementation period.

  On the other hand, RDP 2007-2013 does not provide for the implementation of projects relating to the production, supply and distribution of electric energy.

  Regional operational programmes provide for the funding from the ERDF resources of projects relating to local and regional infrastructure of supply and distribution of electric energy, including the construction of new and modernisation of existing heat distribution networks and the construction of small and medium electric energy and CHP units, thermal modernisation of public premises. In addition, the following is planned: construction, extension and modernisation of the infrastructure used for production and supply of renewable energy, projects using modern technologies and know-how in the scope use of renewable sources of energy and the construction and modernisation of power grids facilitating the connection of units of electric energy production from renewable resources. The programmes will cover the implementation of projects with the cost estimated at the maximum of PLN 20 million. (within areas not covered by RDP), whereas within areas covered by RDP, the cost of project implementation has been set at PLN from 3 to 20 million.

  Meanwhile, the OP Infrastructure and Environment will cover comprehensive projects related to the modernisation of high-, medium-, and low-voltage distribution systems (projects which shall be implemented in order to increase energy effectiveness, limit system losses and electricity supply interruptions). The programme will cover the implementation of projects relating to the construction of new or modernisation of existing useful heat distribution systems; construction or modernisation of electric energy and CHP units, thermal modernisation of public premises with fitting those premises with energy-efficient equipment.

  As regards renewable energy, projects financed by the Cohesion Funds resources are to be implemented. Such projects relate to the construction or increase of power of electric energy production units using wind, water energy in small water power plants up to 10 MW, biogas and

biomass and of heat production using geothermal and sun energy as well as construction of plants producing equipment for energy production from renewable sources at the above mentioned types of units and at co-generation units using biomass or geothermal energy solely as well as construction and modernisation of networks facilitating the connection of electric energy production units from the renewable resources to the National Electric Power System.

In addition, OP Infrastructure and Environment will provide for the implementation of projects relating to the construction of biocomponent and self-contained biofuel production system, excluding bioethanol and pure vegetable oil production (i.e. agricultural products specified in Annex I to the EC Treaty) and the construction of plants producing devices used to produce biocomponents and biofuels at the above mentioned types of units. The value of projects implemented is over PLN 20 million.

Measure entitled: ***Village renewal and development***

Projects in the scope of a Measure under RDP 2007-2013 will be implemented in localities belonging to rural gminas or in localities belonging to urban-rural gminas, excluding towns over 5 thousand of residents, or in localities of the urban gmina of less than 5 thousand residents. Gminas, cultural institutions (where local government units are the organisers), churches or religious associations, non-governmental organisations with the status of public benefit organisations, in the meaning of the Act of 24 April 2003 on the public benefit organisations and volunteering (Dz.U. No 96, item 873, as amended), the statutes of which coincide with the objectives of measure "Village renewal and development" shall be beneficiaries.

On the other hand, OP "Sustainable Development of the Fisheries Sector and Coastal Fishing Areas" provides for the implementation of projects in the scope of renovation, conversion and fitting of premises directly linked to fisheries and architectural heritage or contributing to the maintenance of attractiveness of areas mainly dependent on fisheries (e.g. museums of fishing, traditional maszoperias, "fisherman's houses", fishing settlements, etc.).

Under regional operational programmes, the following projects are to be implemented with the ERDF resources: within areas covered by RDP 2007-2013 – small infrastructural projects with the value over PLN 500 thousand, within the areas not covered by RDP 2007-2013 – without the lower limit of the project value.

In addition, under OP Infrastructure and Environment financed from the ERDF resources, the following projects of super-regional significance are to be implemented: development and improvement of cultural infrastructure, development of artistic education infrastructure and preservation and protection of cultural heritage (including projects concerning the objects on the UNESCO World Cultural and Natural Heritage list or those recognised by the President of the Republic of Poland as the Historic Monuments).

Depending on the type of project, the minimum value of the project is PLN 4 of 20 million. Depending on the kind of project, the beneficiaries will be the state, self-governmental cultural institutions and those co-lead by the minister competent for culture and cultural heritage, territorial self-government units, churches and religious associations, state archives, non-profit state enterprises (this concerns only those entities the activity of which relates to cultural heritage protection, implementing projects concerning objects on the UNESCO World Cultural and Natural Heritage list or those recognised by the President of the Republic of Poland as the Historic Monuments), admitted types of artistic schools and universities as well as partnerships relating to a catalogue of beneficiaries specified in the measure.

In addition, under OP Innovative Economy support will be provided to comprehensive projects in the scope of construction of tourist facilities of super-regional scope, including: construction of new comprehensive linear tourist products of super-regional significance and projects consisting in joining

the existing tourist attractions supported under Regional Operational Programmes or other sources to obtain tourist products of linear and super-regional nature. The projects will have to be implemented within the areas of, *inter alia*, two voivodships or will have to be unique on the European scale, confirmed by entry on the list (excluding projects relating to objects from the UNESCO World Cultural and Natural Heritage list or those recognised by the President of the Republic of Poland as the Historic Monuments). In addition, cooperation of entities is necessary in the field of the project implemented.

Entities, the activity of which is of super-regional nature, and which are experienced in the implementation of super-regional projects will be beneficiaries. The value of the project will amount to at least PLN 20 million.

Moreover, within the OP Development of Eastern Poland the building and modernisation of fair, exhibition, congress and conference infrastructure is planned in order to make it possible to organise local and national events. The beneficiaries will be territorial self-government units, unions, associations of the territorial self-government units and other companies under Polish law. The total project value should amount to the minimum of EUR 20 million.

Measure entitled: ***Establishment and development of micro-enterprises.***

Projects under RDP 2007-2013 will be implemented in localities belonging to rural gminas or in localities belonging to urban-rural gminas, excluding towns over 5 thousand of residents, or in localities of the urban gmina of less than 5 thousand residents.

The criterion will not apply to agricultural producer groups and preliminarily recognized fruit and vegetable producer groups and fruit and vegetable producer organisations as well as entities providing services for agricultural holdings or forestry. Scope of aid will be specified according to PKD (Polish Classification of Activities). In addition, the beneficiaries will include: natural person, legal person or organizational unit without legal personality who carries out business activity as a micro-enterprise employing less than 10 persons with a turnover not exceeding the PLN equivalent of EUR 2 million.

Maximum amount of aid granted to a single beneficiary cannot exceed PLN 300 thousand within the Programme implementation period. In the case of agricultural products (included in the Annex 1 of the EC Treaty) and edible forest products processing, the maximum amount of aid granted to a single beneficiary cannot exceed PLN 100 thousand during the Programme implementation period.

On the other hand, under OP "Sustainable Development of the Fisheries Sector and Coastal Fishing Areas" aid will be provided to poviats located within "areas mainly dependent on fisheries" for the implementation of projects relating to restructuring and reorientation of economic activity, especially by promoting environmental tourism, provided that such measures do not result in the increase of the fishing effort. Aid will be granted only to persons employed in the fishery sector or having a job relating to this sector.

Under regional operational programmes, ERDF resources are to be granted for the implementation of projects in the scope of support for the development of the existing micro-enterprises, within areas not covered by RDP support will be provided also to each activity, whereas within areas covered by RDP only activity not covered by the MARD regulation will be supported.

In addition, the following is planned under the OP Human Capital:

- grants for starting up economic activity, including the cooperative form,
- promoting self-employment,
- advisory services and trainings facilitating the acquisition of knowledge and skills necessary to take up economic activity, including the cooperative form.

Programme priority areas and financial criteria will be determined by an Intermediate Body (voivodship governments).

In addition, under OP Innovative Economy support is to be provided to innovative enterprises without specified branch of activity. The instrument is to be implemented on the national level solely. Moreover, support will be provided to the initiation of activity of micro- and small enterprises operating for up to 1 year in the scope of e-services, including for the purposes of local communities, and electronic services between the entrepreneurs.

The following is planned within the framework of OP Development of Eastern Policy:

- building and extension of industrial and technological parks, incubators, mainly technological, centres of excellence, centres for technology transfer, innovation centres;
- preparation of land on which the technological and industrial parks and incubators will be build;
- comprehensive preparation of project areas concerning production investment and innovative services and production;
- comprehensive projects concerning the promotion of Eastern Poland presenting Eastern Poland on the super-regional and international level as an attractive place in terms of economic activity and investment.

The following entities will be the beneficiaries of these projects: research establishments, territorial self-government units, organisations, associations of territorial self-government units, institutions supporting innovative development in the region, entrepreneurs, NGOs, Managing Authority, government administration bodies, institutions that support regional development in the region - statistics offices, spatial planning offices, institutions that support businesses and innovation.

The amount of aid has been set at the level of at least PLN 4 million in the case of the preparation of investment areas project and at least PLN 12 million as far as the remaining projects are concerned.

Regardless of the development of demarcation lines, in the case of projects – especially those in which risk of overlapping of the support scope may potentially occur – the beneficiary will be requested to provide proper declarations on the use of only one source of financing for the implementation of the project.

Under the implementation of directions of support for rural development mentioned above, operational programmes may include separate measures directed at rural areas or under general activities, or there should be certain criteria that will not discriminate rural areas in project selection or access criteria. The scope of assistance under the sectoral operational programmes shall cover super-regional measures that will influence economic development and improvement of standard of living in rural areas.

Other support instruments, including EAGF

Apart from the abovementioned programmes, also the Operational Programme "Sustainable Development of the Fisheries Sector and Coastal Fishing Areas 2007-2013" will be implemented in Poland and will define national strategic objectives coherent with Common Fishery Policy as regards development of the fishery sector in 2007-2013, considering in particular sustainable exploitation of fishery resources, supply and market balance, sustainable development of aquaculture, development and competitiveness of the fishery sector, human capital, territorial aspect of fishery policy, protection of the environment with special emphasis on protection of water environment, proper management of fishery policy.

The implementation of objectives of Operational Programme "Sustainable Development of the Fisheries Sector and Coastal Fishing Areas 2007-2013" shall be assured by measures included in five priorities, among which the sustainable development of the areas dependent on fishery and inland fishery, fish processing and fish market shall be emphasized in the context of rural areas.

Pursuant to the Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), aid granted under RDP 2007-2013 complements support specified for the European Agricultural Guarantee Fund (EAGF) and does not have to cover measures provided for under this Fund, especially instruments that constitute elements of the common organisation of the markets.

It shall therefore be ensured that the scope of financial activity does not overlap with the contribution of the Community. This refers in particular to the support of producer groups in the fruit and vegetable market or the assistance from the restructuring fund for areas covered by restructuring of sugar industry. Poland will also ensure the cohesion of publicity activities regarding agricultural products and Common Agricultural Policy.

In 2009, Poland will have implemented the full *cross-compliance* instrument conditioning the obtaining of direct payments, consisting of three requirement groups of agricultural and environmental nature (the first two have been applied in Poland since 2004):

- maintaining the whole area of the holding in Good Agricultural and Environmental Condition (GAEC) developed to facilitate sustainable land management,
- maintaining the area of permanent grassland at the level of May 2004, which is aimed at preventing the destruction of meadows and pastures,
- fulfilment of statutory management requirements (SMR) regarding environmental protection, providing for the implementation of the following directives: Water Framework Directive, on conservation of natural habitats and of wild fauna and flora, wild birds and soil.

Poland shall ensure transparency and the required level of *cross-compliance* and requirements conditioning the obtaining of payments under Axis 2.

Chapter 6. National Network of Rural Areas

National Network of Rural Areas is based on provisions of Council Regulation (EC) 1698/05 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD). The network covers the whole territory of Poland.

The major objective of the Network's existence is to implement actions aimed at rural development by means of exchange and dissemination of information on the subject among all concerned partners, identify and analyse best practices, exchange of relevant experiences and transfer of know-how. Additionally, the network may cooperate in preparation of training programmes for local activity groups and constitute an important tool of assistance for interregional and trans-national cooperation.

Polish Network of Rural Areas will be a part of European Network of Rural Areas. It will contribute to the dissemination of information and experience on Community level.

Polish network of rural areas will be of open nature (outline presented in Annex 15). It will involve entities contributing to the development of rural areas and having direct or indirect influence on better use of instruments of the European Agricultural Fund for Rural Development. These will include mainly regional governments of voivodships, gminas and poviats, branch organisations, agricultural chambers, departmental institutes, NGOs, R&D units, local action groups, as well as networks and agreements of the abovementioned units.

The Polish Network of Rural Areas will have its own central unit located in the MARD structure and responsible *inter alia* for coordination of activities as well as for creating and maintaining the internet portal of the Network, facilitating contact between members of the Network, organising meetings, preparation, dissemination and publishing of information materials. Secretarial Office will also be responsible for dissemination of information on available instruments and measures concerning rural development, legal bases and interpretations, basic monitoring data. Moreover, regional units will be placed in each voivodship, supporting the implementation of the Network tasks and facilitating contacts between the Network's members in a given region and supporting cooperation between regions.

The activities of the Network shall support the principle of partnership as well as provide modern and effective information and knowledge exchange system.

If the Network operates properly it will facilitate the increase of added value under support of rural areas by creating synergy with other instruments and cooperation among entities involved. The operation of the Network is especially important in Poland, since the necessity to overcome the burdens by means of creating public-private partnership and possibilities of social initiatives development is crucial because of historical determinants.

The budget of the National Network of Rural Areas is planned at the level of EUR 55 million. It covers, *inter alia*, the costs of organisation and operation of the central unit and of regional units (employment, costs of office operation, IT equipment and software with cost of service) and the budget related to the implementation of tasks within the Network Action Plan.

The expected outcome of the creation and operation of the National Network of Rural Areas:

Establishment of inter-sectoral partnership for sustainable development should lead to:

- innovative approach to solving the problems and facing the challenges resulting from implementation of the sustainable development and problems connected with unemployment,
- creation of various mechanisms enabling each partner and sector to exploit their competences and skills in order to reach common objectives in a more efficient and sustainable way than in a situation when each partner and sector takes actions on their own,
- access to a greater range of resources, by exploiting full scope of substantial, technical, financial and human potential of each partner and sector,
- new dynamic internal networks of cooperation that will provide each sector with more efficient channels of involvement of general public and will increase possibilities to influence policy making,
- facilitate better understanding of values and features characteristic of each partner and sector, therefore cresting more integrated and stable society.

ANNEXES:

Annex 1.
The list of entities, which received NSP for consultation

1) Minister of Education and Science,
2) Minister of Sport,
3) Minister of Finances,
4) Minister of Regional Development,
5) Minister of Economy,
6) Minister of Labour and Social Policy,
7) Minister of Culture and National Heritage,
8) Minister of National Defence,
9) Minister of the Environment,
10) Minister of Transport and Construction,
11) Minister of National Treasury,
12) Minister of Internal Affairs and Administration,
13) Minister of Foreign Affairs,
14) Minister Justice,
15) Minister of Health,
16) Head of the President of the Council of Ministers' Chancellery,
17) Secretary of the Committee for European Integration,
18) President of the Government Center for Legislation,
19) Central Statistical Office,
20) Joint Committee of Central and Local Government,
21) Main Veterinary Inspectorate,
22) Main Inspectorate of the Agricultural and Food Quality Inspection,
23) Main Plant Health and Seed Inspectorate,
24) Agency for Restructuring and Modernization of Agriculture,
25) Agricultural Market Agency,
26) Agricultural Property Agency,
27) Marshall of Dolnośląskie voivodship,
28) Marshall of Kujawsko-Pomorskie voivodship,
29) Marshall of Lubelskie voivodship,
30) Marshall of Lubuskie voivodship,
31) Marshall of Łódzkie voivodship,
32) Marshall of Małopolskie voivodship,
33) Marshall of Mazowieckie voivodship,
34) Marshall of Opolskie voivodship,

35) Marshall of Podkarpackie voivodship,
36) Marshall of Podlaskie voivodship,
37) Marshall of Pomorskie voivodship,
38) Marshall of Śląskie voivodship,
39) Marshall of Świętokrzyskie voivodship,
40) Marshall of Warmińsko – Mazurskie voivodship,
41) Marshall of Wielkopolskie voivodship,
42) Marshall of Zachodniopomorskie voivodship,
43) Institute for Land Reclamation and Grassland Farming in Falenty,
44) Institute of Soil Science and Plant Cultivation in Puławy,
45) Institute of Agricultural and Food Economics,
46) National Research Institute of Animal Production, Balice,
47) Agricultural Advisory Centre in Brwinów,
48) Foundation of Assistance Programmes for Agriculture (FAPA),
49) State Council for Nature Conservation,
50) Poland's Birds Protection Association,
51) EKO-UNIA Associacion,
52) Forum of Activisation of Rural Areas,
53) All Poland Alliance of Trade Unions,
54) Independent Trade Union "Solidarność" Agricultural Secretariat of the National Commission,
55) Independent Self-Governing Trade Union of Individual Farmers "Solidarity",
56) Agricultural Trade Union „Samoobrona",
57) National Union of Farmers, Co-operatives and Agricultural Organisations,
58) Federation of Agriculture Employers - Leaseholders and Agricultural Owners,
59) National Centre of Young Farmers' Trade Union,
60) Federation of Agricultural Producers' Union,
61) Polish Council of Agricultural Chambers,
62) Polish Chamber of Commerce, Agriculture and Agricultural Sale Committee,
63) National Council of Cooperatives,
64) Forum of Activisation of Rural Areas,
65) Association of Polish Counties,
66) Union of Rural Communes,
67) National Association of Village Leaders,
68) National Union of Village Leaders.

Annex 2

Baseline indicators related to objectives

Indicator 1

Indicator	Measurement	Year	Unit	Poland	EU-25
Economic development	Gross Domestic Product per capita in PPS, expressed as % of the average, EU-25 = 100, three-year average.	Average from 2003 – 2005	%	48.5	100
		2003		46.9	
		2004		48.7	
		2005		49.7	

Indicator 2

Indicator	Measurement	Year	Unit	Poland	EU-25
Employment rate	The ratio of the employed between the ages of 15 and 64 to the total of persons in the same age group	2005	%	52.8	63.8
		2006		54.5	

Indicator 3

Indicator	Measurement	Year	Unit	Poland	EU-25
Unemployment	Unemployment rate, i.e. the ratio of the unemployed to the total number of professionally active persons	2005	%	17.7	8.7
		2006		13.8	7.9

Indicator 4

Indicator	Measurement		Year	Unit	Poland	EU-25
Training and education in agriculture	The ratio of holdings users with agricultural education	Total	2005	%	38.5	
		below 35 years			28.5	

Indicator 5

Indicator	Measurement		Year	Unit	Poland	EU-25
Age structure in agriculture	The ratio of agricultural holding users aged	below 35 years	2005	%	12.67	
		55 years and more			34.2	

Indicator 6

Indicator	Measurement	Year	Unit	Poland	EU-25
Labour productivity in agriculture	Gross value added per annual work unit (gva/awu) (EU-25 = 100)	2002-2004 average	%	14	EUR 17,145

Indicator 7

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Gross expenditure on fixed assets in agriculture	Gross expenditure on fixed assets in agriculture	2005	EUR million	2658.6	--

Indicator 10

Indicator	Measurement	Year	Unit	Poland	EU-25
Productivity in food industry	Gross value added per one food industry worker.	2004	thousand € per worker	13.3	50.5

Indicator 12

Indicator	Measurement	Year	Unit	Poland	EU-25
Development of food industry workers (section 15 and 16 of PKD – Polish Classification of Activities)	Average number of food industry workers	2002	thousand	472	4559
		2005		451.7	

Indicator 13

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Economic development of food industry (section 15 and 16 of PKD – Polish Classification of Activities)	Gross value added in food industry	2004	PLN million	24139.5	--
		2005		27397	

Indicator 14

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Labour productivity in forestry	Gross value added per person employed in forestry	2005	EUR thousand /person	18	--

Indicator 15

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Gross expenditure on fixed assets in forestry	Gross expenditure on fixed assets in forestry	2005	EUR million	2658.6	--

Indicator 16

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Importance of the semi-subsistence farming in the new Member States	Number of holdings 0-2 ESU	2005	%	69	--

Indicator 17

Indicator	Measurement	Year	Poland	EU- 25	EU- 15	Source
Biodiversity: population of farmland birds	Change of the farmland bird population index characteristic of agricultural landscape (compared to year 2000 = 100)	2000	100.0			POLISH ASSOCIATION FOR BIRD PROTECTION (OTOP)/COMMON BREEDING BIRD MONITORING (MPPL)
		2001	95.0			
		2002	89.0			
		2003	89.0			
		2004	90.0	N.a.	97.2	
		2005	80.0			

Indicator 18

Indicator	Measurement	Year	Unit	Poland
Biodiversity: high nature value farmland and forestry	Surface area of high nature value farmland	2006	ha	n.d.[38]

Indicator 19

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Biodiversity: tree species composition	Surface area of forests and other forest areas	1992-1996	thousand ha	8942	--
	coniferous		%	66.6	
	broadleaf			15.4	
	mixed			18	

Indicator 20

Indicator	Measurement	Year	Unit	Poland	EU-25
Water quality: gross nitrogen balance	Nitrogen surplus	1995	Kg/ha	42	55
		1996		41	
		1997		44	
		1998		40	
		1999		42	
		2000		46	
		2001		41	

[38] No data – work on the determination of HNV farmland in Poland is in progress, and on that account up-to-date data in this respect are lacking. The European Environmental Agency has data concerning HNV farmland in Poland within the area of 2 million ha. Such data are however based on the Corine Land Cover, and thus very rough and burdened with error.

		2002		48	
		2003		55	
		2004		42	
		2005		49	

Indicator 21

Indicator	Measurement	Year	Unit	Poland
Water quality: pollution by nitrates and pesticides	Annual changes in concentration	1998-2002	mg $N\text{-}NO_3/L$	average annual 25

Indicator 23

Indicator	Measurement	Year	Unit	Poland
Soil: Organic farming	Surface area of agricultural land intended for organic farming	2001	ha	38.732
		2002		43.828
		2003		49.928
		2004		82.730
		2005		159.709

Indicator 24

Indicator	Measurement	Year	Unit	Poland
Climate change: production of renewable energy from agriculture and forestry	Production of renewable energy in agriculture in agriculture	2000	Ktoe (1000 tonnes of crude oil equivalent)	3
		2001		4
		2002		7
		2003		15
		2004		27
		2005		48

Indicator 25

Indicator	Measurement	Year	Unit	Poland
Climate change: Utilised agricultural area (UAA) used for the production of renewable energy for the production of renewable energy	Area of agricultural land intended for the production of energy crops and the production of biomass[39]	2005	ha	5,966
		2006		6,991,5

Indicator 26

Indicator	Measurement	Year	Unit	Poland
Climate change/air quality: Gas emissions from agriculture	Greenhouse gas and ammonia emissions from agriculture	1997	1000 tonnes of CO_2 equivalent for greenhouse gases	1,859,42.2
		1998		1,810,13.2
		2001		1,408,25.8
		2002		1,360,16.1
		2003		1,381,33.0
		2004		1,672,73.2

Indicator 27

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Agricultural holding users engaged in other gainful activity	Ratio of agricultural holding users engaged in other gainful activity	2005	%	39.2	
	women:			32.8	

Indicator 28

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Employment development of non-agricultural sector	Average number of the employed in the industrial and services sectors	2005	thousand	11010.3	188153.0

Indicator 29

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Economic development of non-agricultural sector	Gross value added in the industrial and services sectors	2005	million PLN	825494	8601115

[39] Surface area devoted to the growing of willow *Salix sp.* and the thornless rose *Rosa multiphlora val.*

Indicator 30

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Self-employment development	Persons engaged in business activities	IV quarter of 2005	thousand	1,820	29,301.0

Indicator 31

Indicator	Measurement	Year	Unit	Poland	EU-25
Tourism infrastructure in rural area	Total number of places in collective accommodation tourist sites (excluding guest rooms and farm tourism lodgings)	2003	Accommodation places	596,460	37,059,288

Indicator 32

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Internet take-up in rural areas	Ratio of households with access to the Internet in rural areas.	2005	%	18.8	--
		2006		25.1	

Indicator 35

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Lifelong learning in rural areas	Number of adults (between the ages of 25 and 64) taking part in training and courses	3rd quarter of 2006	%	0.61	--

Baseline indicators related to context

Indicator 3

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Agricultural land use	Surface area of:	2005	%		--
	arable land			76.0	
	permanent grassland			21.3	
	permanent crop			2.2	
	share in agricultural land surface area				

Indicator 4

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Farm structure	- farms in total and broken down into the following surface area groups:	2005	Absolute number	2476474	--
	0-5 ha			1750858	
	5-50 ha			704918	
	50 ha and more			20697	
	- surface area of utilised agricultural area in total and broken down into the following surface area groups:		ha	14754880	
	0-5 ha			2591510	
	5-50 ha			8691033	
	50 ha and more			3472338	
	- average surface area of farms in total and broken down into the following surface area groups:		ha	5.96	
	0-5 ha			1.48	
	5-50 ha			12.33	
	50 ha and more			167.77	
	- number of farms according to the economic size classes		Absolute number	2476474	
	<2 ESU			1718803	
	<100 ESU			753854	
	>100 ESU			3817	

Indicator 5

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Forestry structure	Surface area of forests that can be acquired	1992-1996[40]	thousand ha	8300	--
	Public property		%	82	
	Private property			18	
	Average size of a private agricultural holding		ha	2	

Indicator 13

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Forest ecosystem health	Defoliation in total	2005	%	30.7	--
	coniferous			29.6	
	broadleaf			34.1	

Indicator 15

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Water use	Watered utilised agricultural area	2005	%	0.5	--

Indicator 17

Name of the indicator	Indicator	Year	Unit	Poland	EU-25
Population density	Population density in rural areas	2005	Number of residents/km^2	51	--

Indicator 18

Name of the indicator	Indicator		Year	Unit	Poland	EU-25
Age structure	Age structure of persons living in the rural areas	0-14 years	2005	%	18.9	--
		women:			18.4	
		15-64 years			67.5	
		women:			65.0	
		65 years and more			13.6	
		women:			16.6	

Indicator 20

Data transferred under ESA '95 (from the research via enterprises) - 2005.

Name of the indicator	Indicator		Year	Unit	Poland	EU-25
Employment structure	Ratio of persons employed in economic sectors	Agriculture	2005	%	17.4	--
		Industry			26.9	
		Services			55.7	

According to CSO

Indicator	Measurement		Year	Unit	Poland	EU-25
Employment structure	Ratio of persons employed in economic sectors	Agriculture	2005	%	17.4	--
		including women employment ratio:			16.7	
		Industry			29.2	
		including women employment ratio:			17.1	
		Services			53.4	
		including women employment ratio:			66.2	
		Agriculture	2006		15.8	
		including women employment ratio:			15.0	
		Industry			30.0	
		including women employment ratio:			17.5	
		Services			54.2	
		including women			67.5	

[40] TBFRA 2000 Report (Temperate and Boral Forest Resources Assessment) is the source of data for this indicator developed by the United Nations Economic Commission for Europe and the Food and Agriculture Organization.

		employment ratio:				

Indicator 22

Name of the indicator	Measurement		Year	Unit	Poland	EU-25
Education level	Ratio of persons living in the rural areas with secondary and higher education	aged 25-64	2005	%	85.1	--
		aged 20-24			88.9	
		aged 25-64	2006		85.8	
		aged 20-24			91.6	
		Women aged 25-64	2005		84.2	
		Women aged 20-24			91.3	
		Women aged 25-64	2006		85.1	
		Women aged 20-24			93.8	

Annex 3. Nomenclature of Territorial Units for Statistical Purposes (**NTS**) levels in Poland

NTS I	country	6
NTS II	voivodships	16
NTS III	sub-regions	45
NTS IV	poviats and municipalities	380
NTS V	gminas, including urban-rural gminas	2,489, including 65

Annex 4. Tables containing data concerning the characteristics of agricultural holdings and agriculture in Poland.

Table 1. Number of agricultural holdings broken down into area groups of agricultural land

Specification	Total	Area groups of agricultural land in ha					
		0 - 1	1 - 5	5 - 10	10 - 20	20 - 50	Over 50
Holdings in total	2,733,363	946,679	1,032,441	388,513	245,038	99,156	21,536
including holdings conducting agricultural activity	2,476,474	768,375	961,606	383,265	243,388	98,665	21,175
Individual holdings	2,728,909	946,577	1,031,965	388,182	244,695	98,728	18,761
including holdings conducting agricultural activity	2,472,830	768,293	961,305	383,039	243,142	98,359	18,692

Source: CSO, Characteristics of agricultural holdings in 2005

Table 2. Area structure of agricultural holdings

	Agricultural holdings broken down into area groups of agricultural land [ha]					
	<1	1-5	5-10	10-20	20-50	>50
Percentage of farmland	2.38	15.93	17.37	21.15	17.96	25.21

Source: CSO, Characteristics of agricultural holdings in 2005

Table 3. Agricultural holdings broken down into the area of agricultural land (in %)

Agricultural holdings broken down into the area of agricultural land (in %)							
		Area of agricultural land in ha					
Years	Total	0-1	1-5	5-10	10-20	20-50	>50
1996	100.0	33.3	36.9	17.0	10.0	2.4	0.4
2000	100.0	34.0	37.2	15.7	9.4	3.2	0.5
2001	100.0	35.5	36.4	15.6	9.1	2.9	0.5
2002	100.0	33.3	39.1	14.6	9.1	3.2	0.7
2003	100.0	34.8	38.3	14.4	8.7	3.1	0.7
2004	100.0	34.7	38.0	14.2	9.0	3.3	0.8
2005	100.0	34.7	37.8	14.4	9.0	3.6	0.7

Source: CSO, Characteristics of agricultural holdings in 2005

Table 4. Number of holdings conducting the organic production and the area of agricultural land where organic production was conducted between 2001 and 2005

Specification	2001	2002	2003	2004	2005
Number of holdings which conducted organic production between 1999-2005	1,778	1,977	2,286	3,760	7,182
Area of arable land where organic production was conducted between 2001 and 2005 [in ha]	38,732	43,828	49,928	82,730	159,709

Source: Main Inspectorate of the Agricultural and Food Quality Inspection

Table 5. The level of education of persons managing agricultural holding in % (2005)

Specification	Higher	Post-secondary	Secondary vocational	Secondary general	Basic vocational	Lower secondary, primary	Incomplete primary and no education at all
Agricultural holdings, where the managing person has agricultural education	5.5	1.3	21.2	5.7	37.4	24.1	4.8

Source: CSO, Characteristics of agricultural holdings in 2005

Table 6. Educational structure of the population 13 years of age and over in % (2004)

Specification	Higher	Post-secondary and secondary	Basic vocational	Lower secondary	Primary and incomplete primary
Urban areas	17.5	38.0	21.3	4.4	18.8
Rural areas	5.4	24.5	29.4	5.8	34.9

Source: Report of the results of the National Population and Housing Census (NSP) 2002, Demographic Yearbook 2005, CSO

Table 7. Persons aged over 15 who continue education, divided into age and place of residence categories, in 2002

Age	Total	Urban areas	Rural areas
	[% of the total population in a particular age group]		
Total including people aged:	15.8	17.1	13.6
15-17	95.8	95.7	96.0
18-19	75.3	79.3	68.7
20-24	43.9	52.2	29.0
25-29	12.7	16.0	6.9
30-39	4.5	5.8	2.5
40-49	1.5	1.8	0.8

Source: Report of the results of the National Population and Housing Census (NSP) 2002, CSO

Table 8. Total greenhouse gas emissions[41] in 2004 per emission source.

TOTAL	Carbon dioxide	Methane	Nitrous oxide
	316,700[42]	1,858.4	96.8
Energy in total	302,510.6	847.7	7.4
Industrial processes	13,316.5	14.7	14.1
Use of solvents and other products	580.7	-	0.4
Agriculture	-	534.7	72.2
Shifts in land use and forestry	,	0.1	0.0
Waste	292.3	461.2	2.7

Source: National Emission Centre

Table 9. Selected elements of the technical infrastructure in rural areas

Technical infrastructure (as of 31 December)							
Type of network (in thousands of km)	1995	2000	2001	2002	2003	2004	2005
Water supply system	110.5	161.8	167.0	173.2	179.5	185.4	190.7
Sewage system	5.4	16.2	19.2	23	28.8	32.4	36.8
Gas supply system	40.7	52.2	66.4	68.3	69.4	70.3	71.5

Source: CSO

[41] Estimated data developed using IPCC method.
[42] Net emission, i.e. including emissions and sequestration in the sector „Change in land use and forestry" amounts to 290,541.27 Gg.

Table 10. Supply networks, including water supply, sewage and gas supply systems in 2005

voivodships	Supply system in km											
	Water supply system				Sewage system				Gas supply system			
	Total	Per 100 km^2	including rural areas		Total	Per 100 km^2	including rural areas		Total	Per 100 km^2	including rural areas	
			in km	Per 100 km^2			in km	Per 100 km^2			in km	Per 100 km^2
POLAND	245600.8	78.6	190729.2	65.5	80130.8	25.6	36820.5	12.6	103670.6	33.2	56380.4	19.4
DOLNOŚLĄSKIE	13146.4	65.9	8383.2	47.2	6538.7	32.8	2748.3	15.5	5470.3	27.4	1236.4	7.0
KUJAWSKO-POMORSKIE	19903.1	110.8	17151.1	100.0	4782.4	26.6	2491.1	14.5	2068.7	11.5	147.6	0.9
LUBELSKIE	17484.7	69.6	15063.3	62.4	3366.4	13.4	1430.3	5.9	6488.4	25.8	4488.8	18.6
LUBUSKIE	5496.1	39.3	3902.0	29.2	1995.4	14.3	687.2	5.1	2281.0	16.3	872.3	6.5
ŁÓDZKIE	20536.6	112.7	16904.7	98.9	3666.5	20.1	1078.0	6.3	2812.2	15.4	700.4	4.1
MAŁOPOLSKIE	15720.7	103.5	12056.9	89.1	7156.5	47.1	3717.5	27.5	20007.7	131.7	15341.0	113.4
MAZOWIECKIE	33599.6	94.5	26841.0	80.4	7356.0	20.7	2314.4	6.9	11082.8	31.2	5115.3	15.3
OPOLSKIE	6544.4	69.5	5149.8	59.5	2014.4	21.4	969.5	11.2	1223.7	13.0	188.8	2.2
PODKARPACKIE	12492.7	70.0	10404.3	62.0	8786.4	49.2	6587.5	39.2	16169.8	90.6	13277.8	79.1
PODLASKIE	11006.4	54.5	9466.3	49.1	2030.3	10.1	832.0	4.3	894.4	4.4	259.1	1.3
POMORSKIE	12381.9	67.7	8998.0	52.3	5612.0	30.7	2782.9	16.2	3278.1	17.9	650.4	3.8
ŚLĄSKIE	18344.1	148.8	8730.8	102.2	8231.9	66.8	2177.6	25.5	14054.3	114.0	5566.7	65.2
ŚWIĘTOKRZYSKIE	11195.0	95.6	9452.7	85.5	2689.0	23.0	1447.7	13.1	3144.0	26.9	2091.9	18.9
WARMIŃSKO-MAZURSKIE	12130.2	50.1	10125.6	42.9	4017.9	16.6	2041.1	8.7	1653.2	6.8	300.5	1.3
WIELKOPOLSKIE	27538.9	92.3	22472.8	79.3	7580.0	25.4	3483.2	12.3	9070.5	30.4	4680.1	16.5
ZACHODNIOPOMORSKIE	8080.0	35.3	5626.7	26.1	4307.0	18.8	2032.2	9.4	3971.5	17.3	1463.3	6.8

Source: Municipal infrastructure in 2005, CSO

Table 11. Population using municipal facilities

voivodships	Population using networks in thousands											
	water supply				sewage system				gas supply			
	Total	as % of the total population	including rural areas		Total	as % of the total population	including rural areas		Total	as % of the total population	including rural areas	
			in thousands	as % of the total population			in thousands	as % of the total population			in thousands	as % of the total population
POLAND	32847.1	86.1	10627.8	72.1	22586.8	59.2	2795.3	19.0	19772.8	51.8	2637.2	17.9
DOLNOŚLĄSKIE	2624.5	90.9	645.7	77.2	1908.7	66.1	180.1	21.5	1814.7	62.8	73.4	8.8
KUJAWSKO-POMORSKIE	1857.1	89.8	636.5	80.0	1269.7	61.4	182.3	22.9	931.4	45.0	14.1	1.8
LUBELSKIE	1718.2	78.8	769.0	66.1	978.6	44.9	115.7	10.0	794.8	36.5	113.8	9.8
LUBUSKIE	890.6	88.2	273.2	75.4	616.6	61.1	60.5	16.7	504.6	50.0	24.8	6.8
ŁÓDZKIE	2289.8	88.8	720.9	79.0	1480.0	57.4	97.7	10.7	1019.3	39.5	26.5	2.9
MAŁOPOLSKIE	2401.7	73.5	884.5	53.7	1594.6	48.8	260.4	15.8	2056.7	63.0	776.0	47.1
MAZOWIECKIE	4147.9	80.4	1158.3	63.7	2981.2	57.8	212.0	11.6	2761.3	53.5	250.4	13.8
OPOLSKIE	981.5	93.7	444.6	89.6	561.4	53.6	85.7	17.3	433.2	41.4	12.1	2.4
PODKARPACKIE	1552.5	74.0	778.8	62.2	1056.6	50.4	351.7	28.1	1463.0	69.7	718.6	57.4
PODLASKIE	1034.2	86.2	354.2	72.3	692.9	57.8	72.1	17.7	313.7	26.2	12.6	2.6
POMORSKIE	2017.9	91.8	577.1	80.3	1607.5	43.1	239.6	33.3	1159.3	52.7	32.9	4.6
ŚLĄSKIE	4357.7	93.0	784.2	78.4	3151.3	67.3	203.5	20.4	2930.6	62.5	278.9	27.9
ŚWIĘTOKRZYSKIE	1050.8	81.8	498.3	71.0	571.3	44.5	88.2	12.6	457.3	35.6	56.0	8.0
WARMIŃSKO-MAZURSKIE	1255.3	87.9	420.4	73.7	919.5	64.4	130.9	22.9	639.6	44.8	14.3	2.5
WIELKOPOLSKIE	3092.2	91.7	1241.4	85.8	1955.4	58.0	327.0	22.6	1498.7	44.4	179.9	12.4
ZACHODNIOPOMORSKIE	1575.2	93.0	440.7	84.4	1241.5	73.3	188.0	36.0	994.6	58.7	52.9	10.1

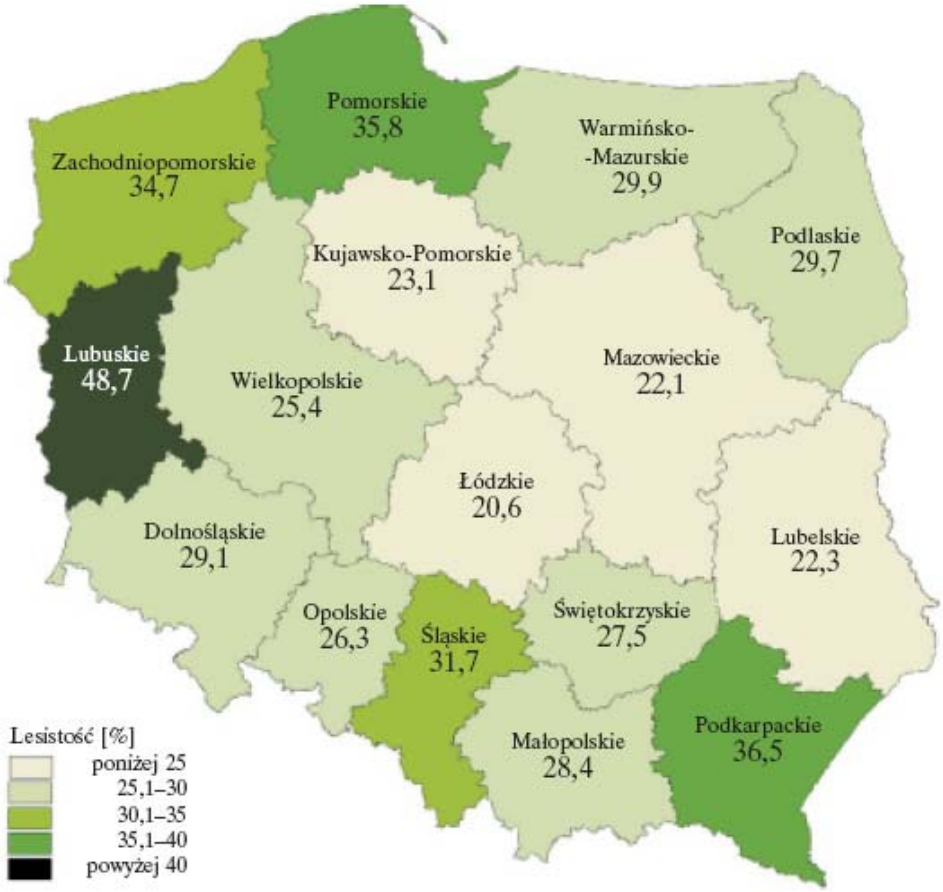
Source: Municipal infrastructure in 2005., CSO

Table 12. Economic activity of persons aged 15 or more in 1995 – 2005* [in %]

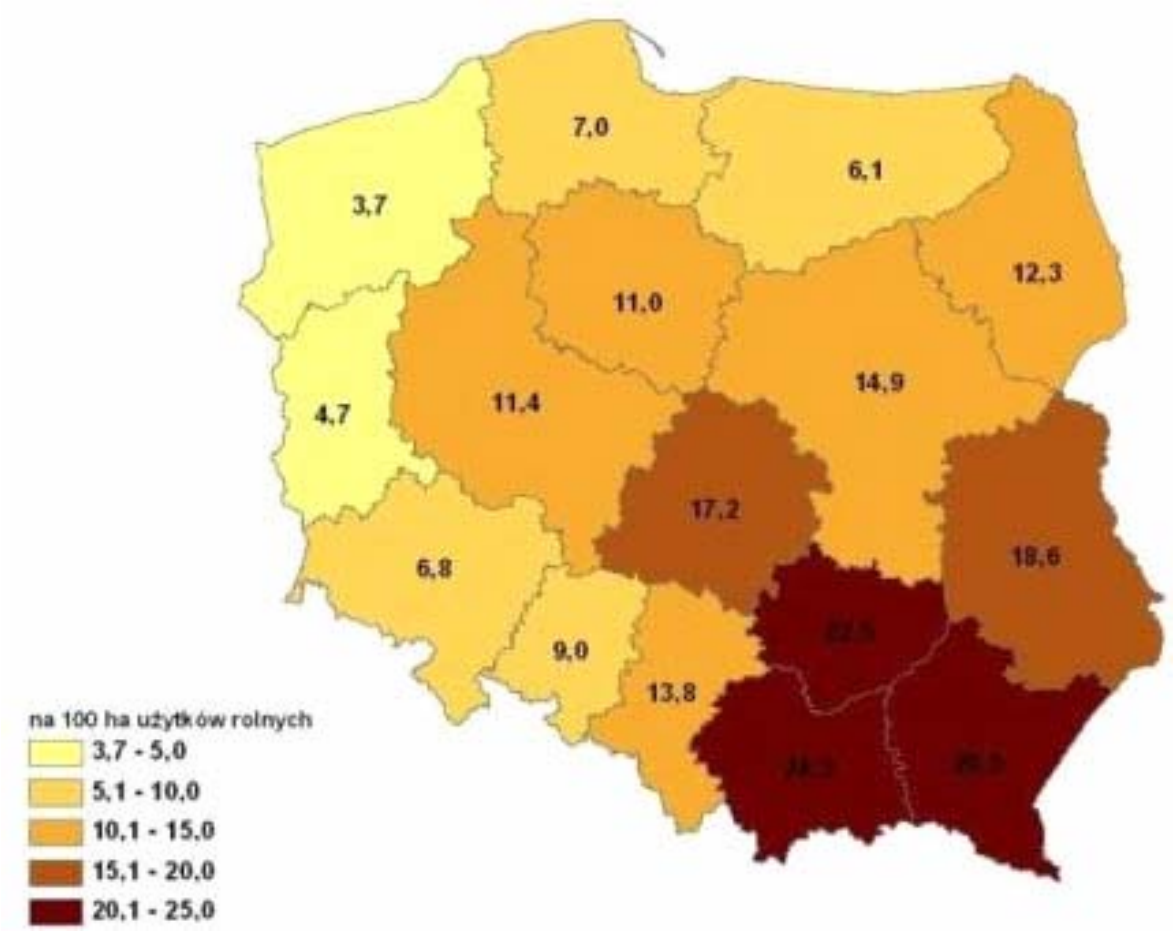
Specification	1995	2000	2003	2004	2005
Activity rate					
Total	58.4	56.6	54.7	54.7	54.9
including urban areas	57.2	56.1	54.1	54.0	54.2
Rural areas	60.5	57.4	55.8	56.0	56.0
Employment rate					
Total	50.7	47.5	44.0	44.3	45.2
including urban areas	49.3	46.6	42.9	43.3	44.1
Rural areas	53.1	49.0	45.9	46.1	47.0
Unemployment rate					
Total	13.1	16.1	19.6	19.0	17.7
including urban areas	13.7	17.0	20.8	19.8	18.7
Rural areas	12.2	14.6	17.8	17.6	16.1

Source: Economic Activity of the Population of Poland 4th quarter of 2005, CSO.
* data in 1995, for November, in 2000, 2003, 2004, 2005, yearly averages

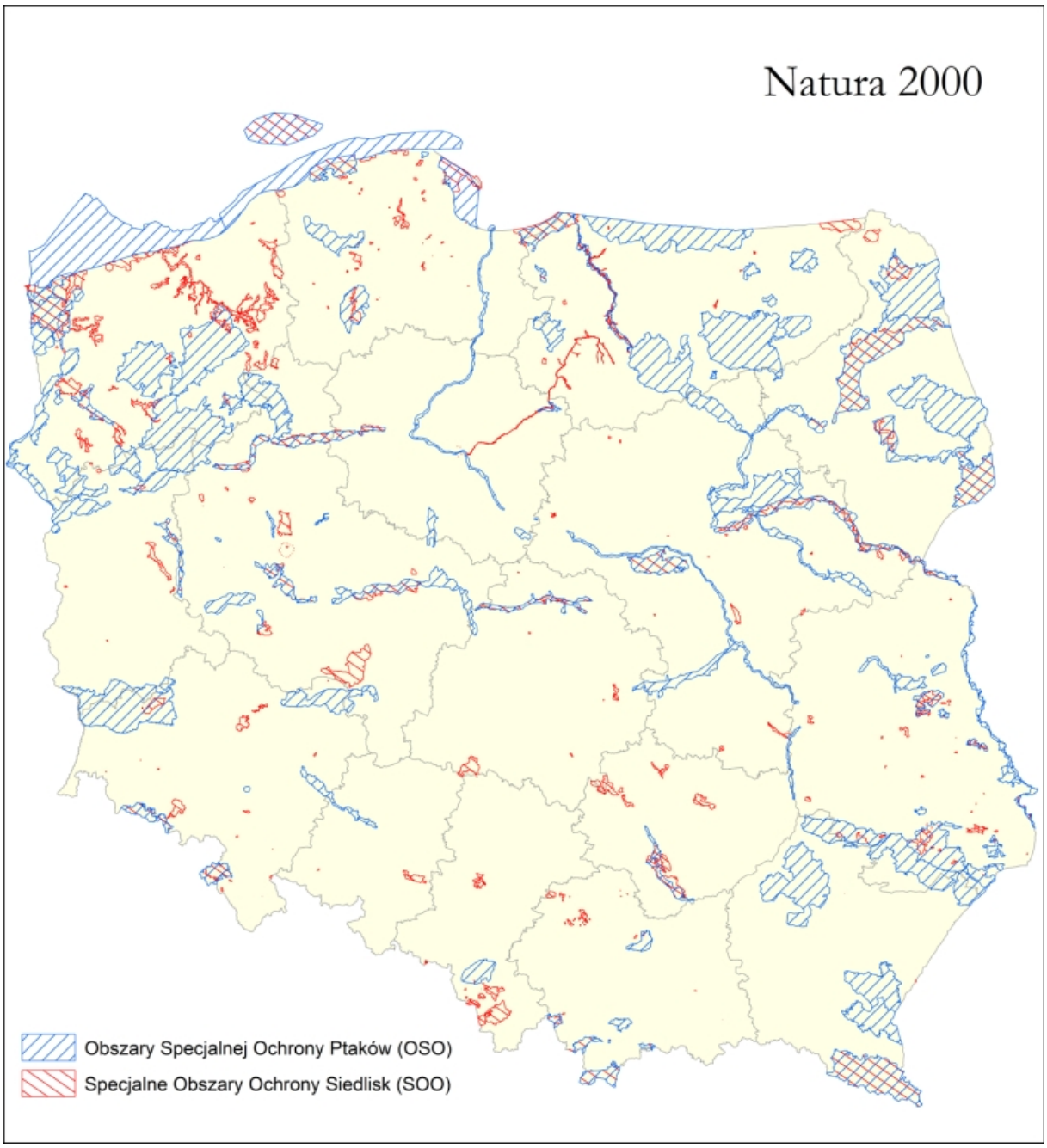
Annex 5. Poland's forest cover by voivodship



Annex 6. Persons employed in agriculture by voivodship [per 100 ha of agricultural land]

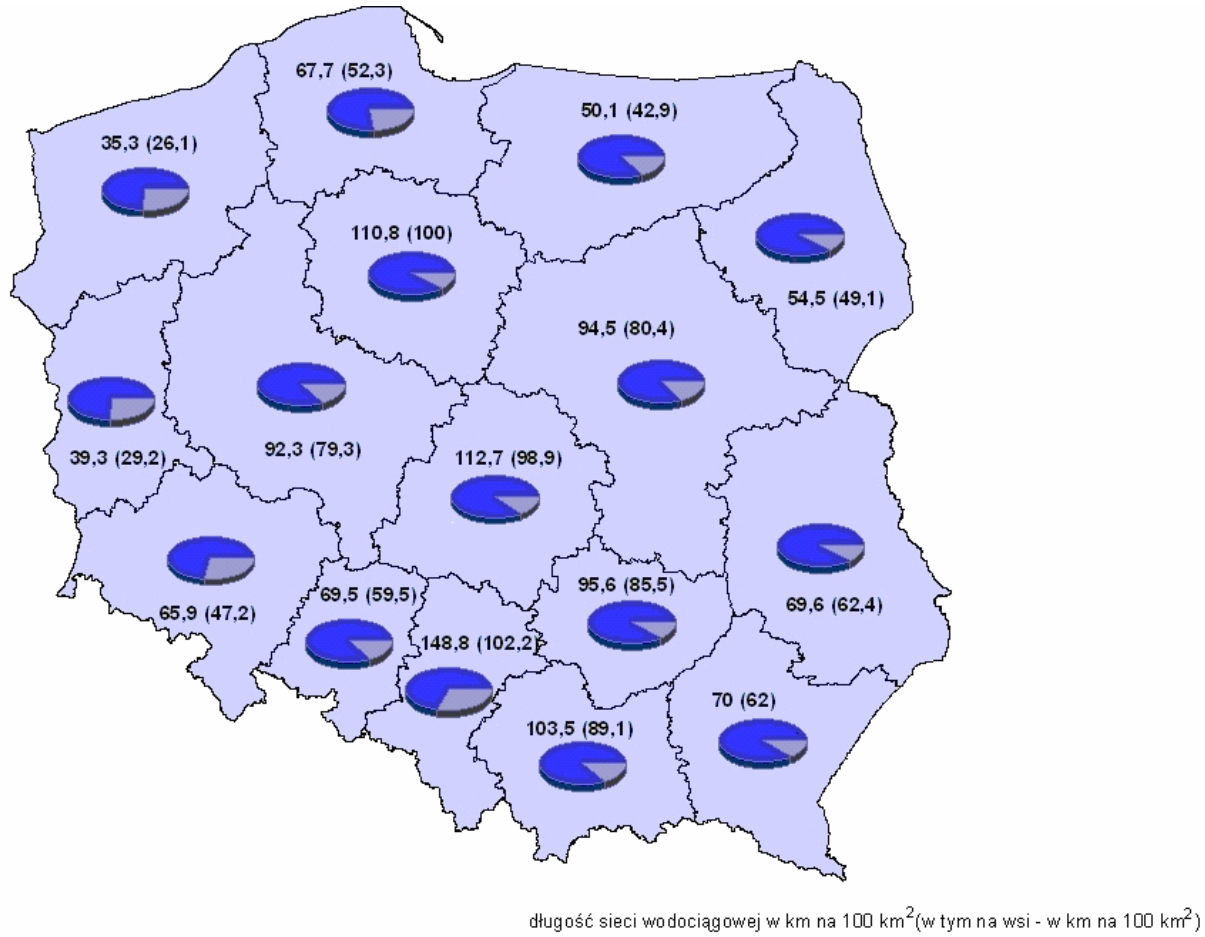


Annex 7. NATURA 2000 network areas in 2000 in Poland



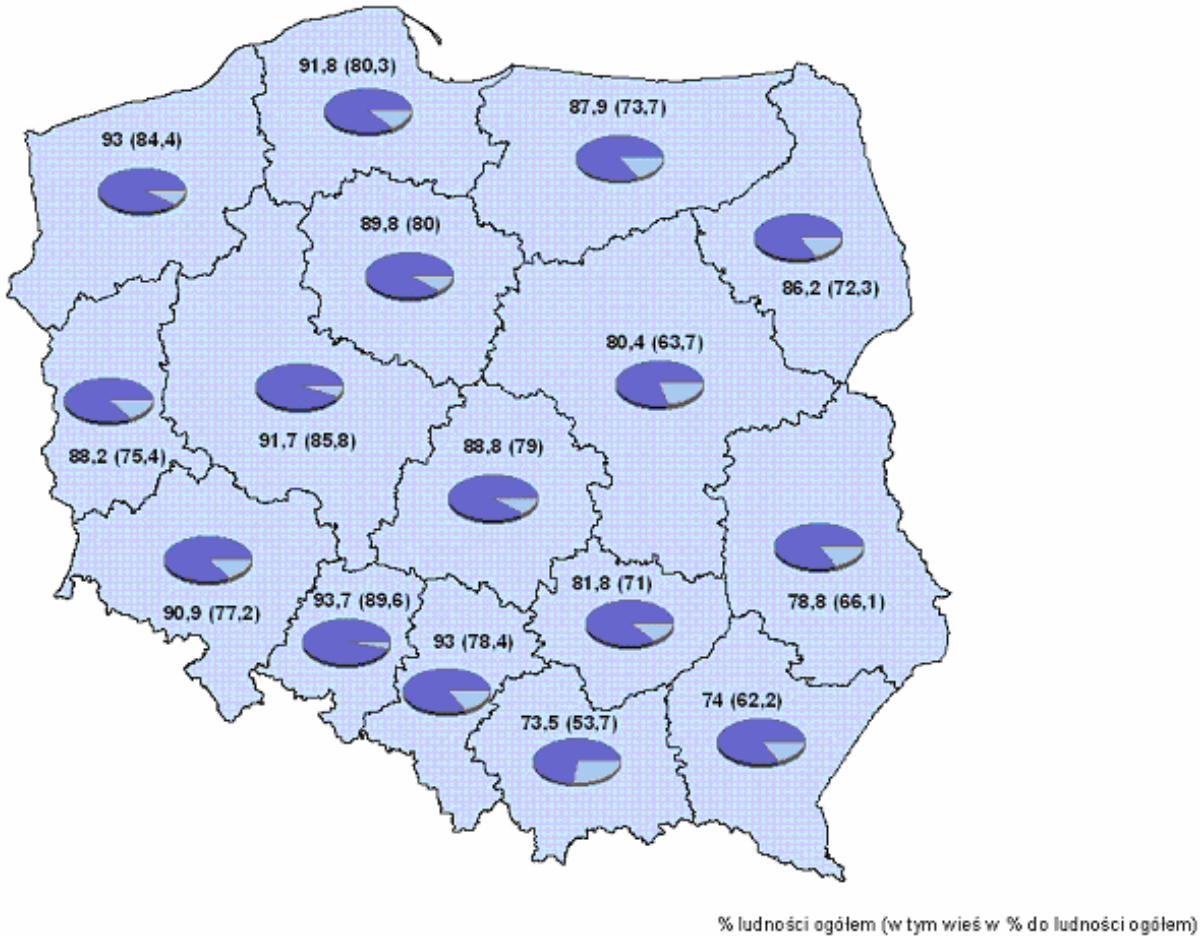
Annex 8. Nitrate Vulnerable Zones (NVZ)

Annex 9. Water supply network in 2005 [km/100 km^2]

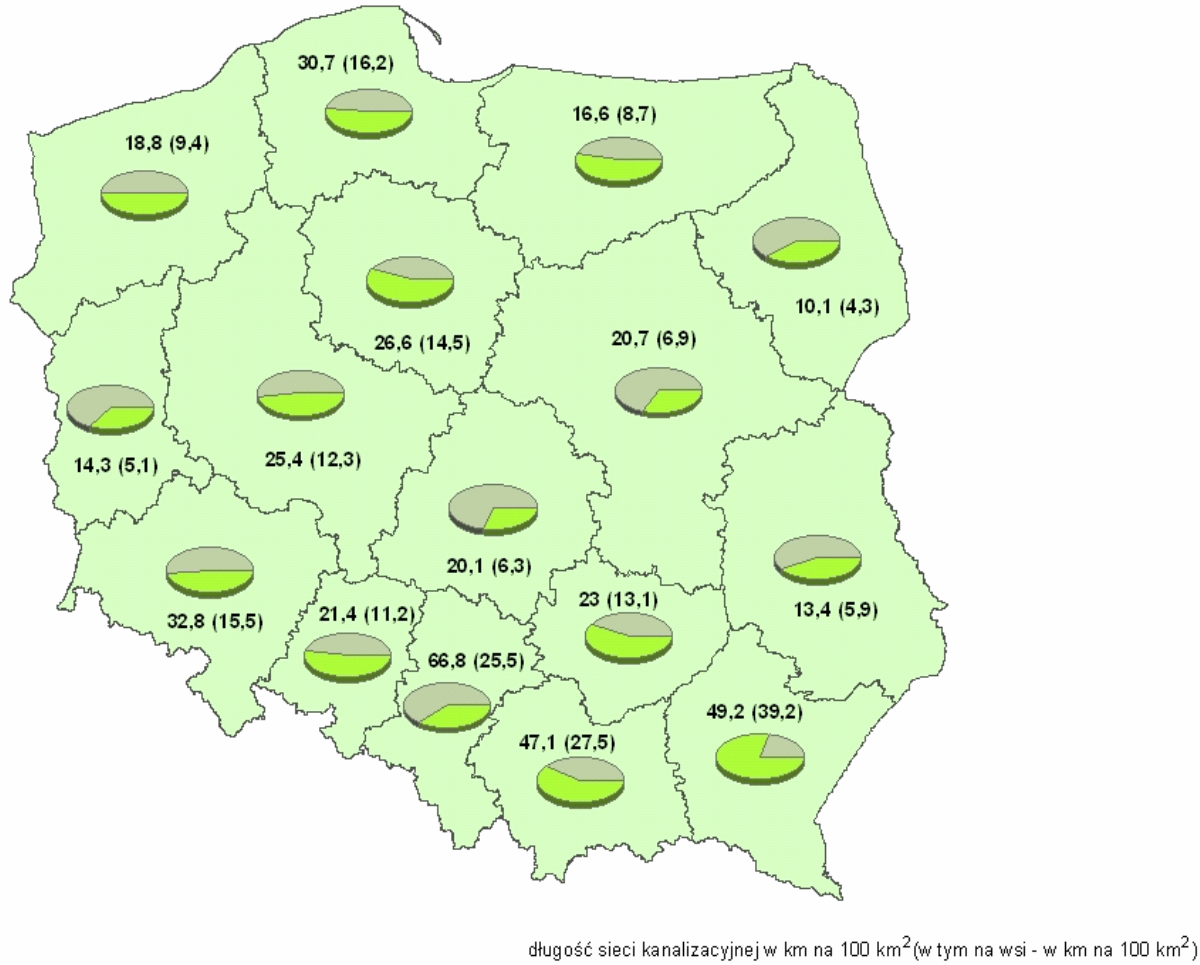


długość sieci wodociągowej w km na 100 km^2 (w tym na wsi - w km na 100 km^2)

Annex 9 Population using water supply system in 2005. [in %]

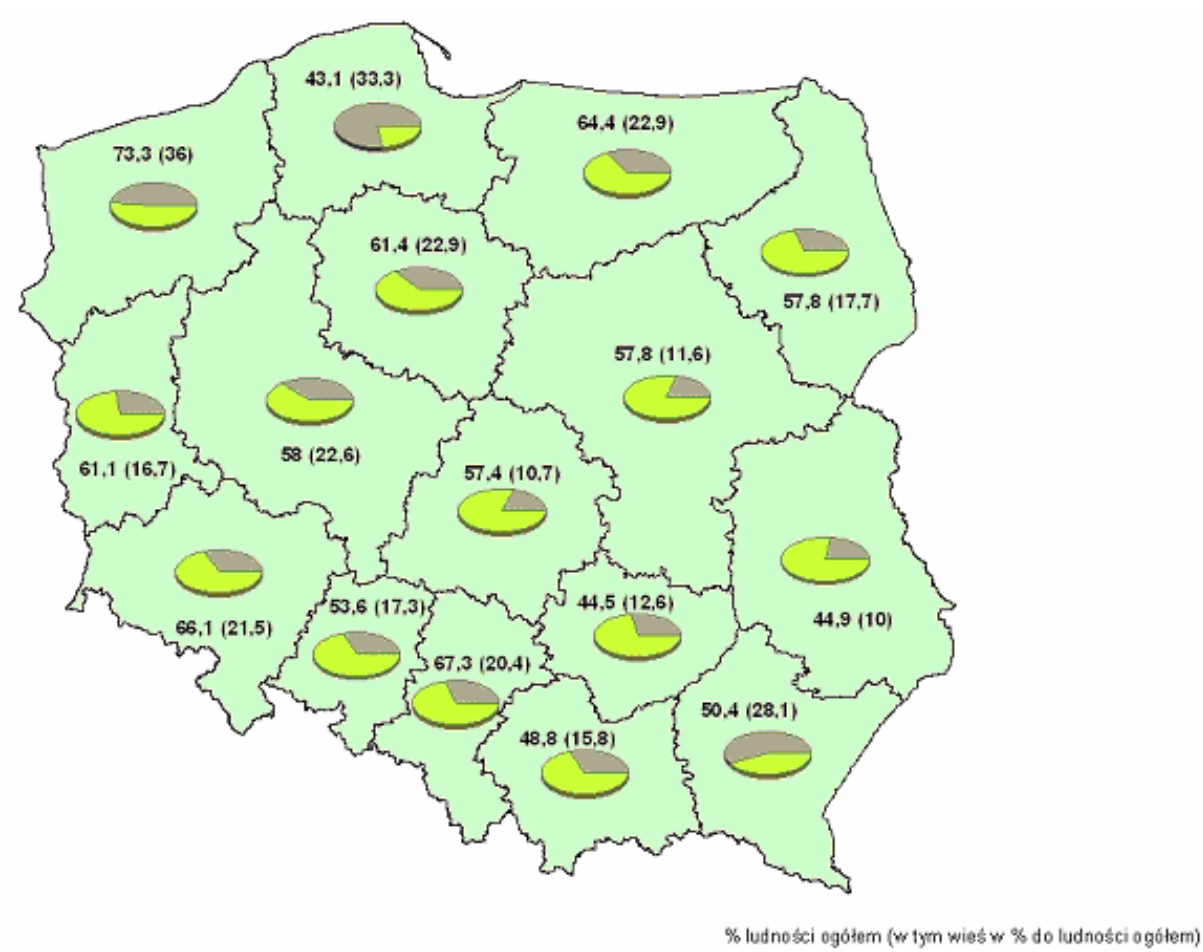


Annex 11. Sewage system in 2005 [km/100 km^2]

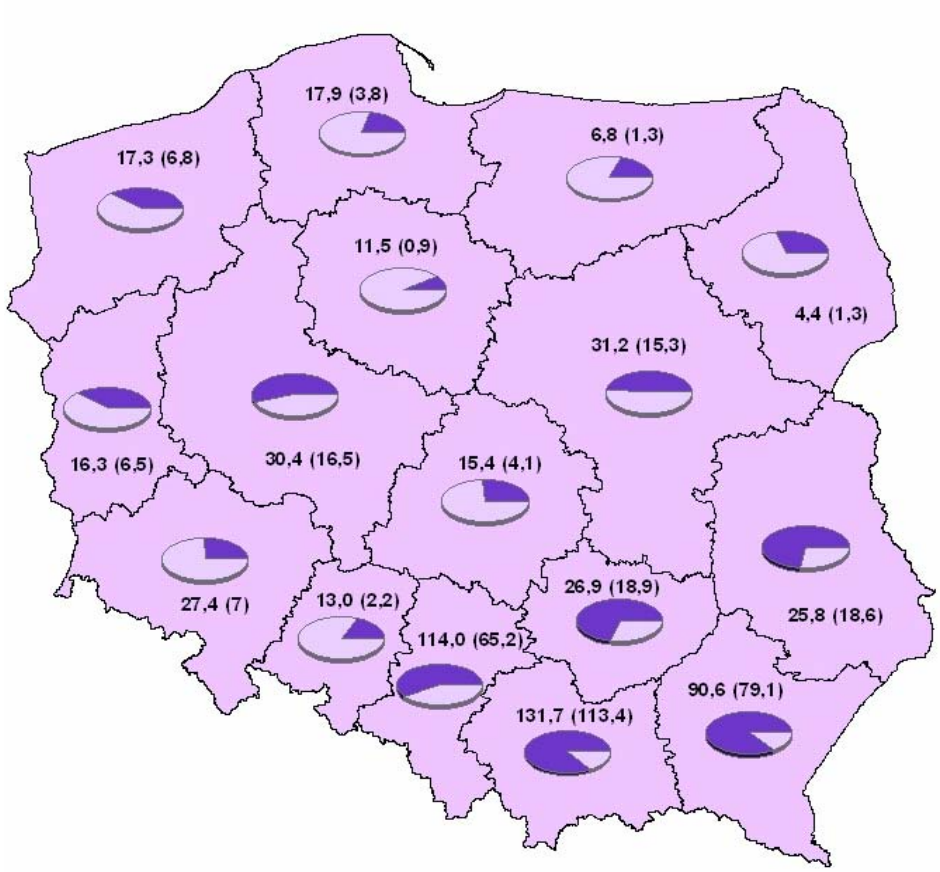


długość sieci kanalizacyjnej w km na 100 km^2 (w tym na wsi - w km na 100 km^2)

Annex 12. Population using sewage system in 2005 [in %]

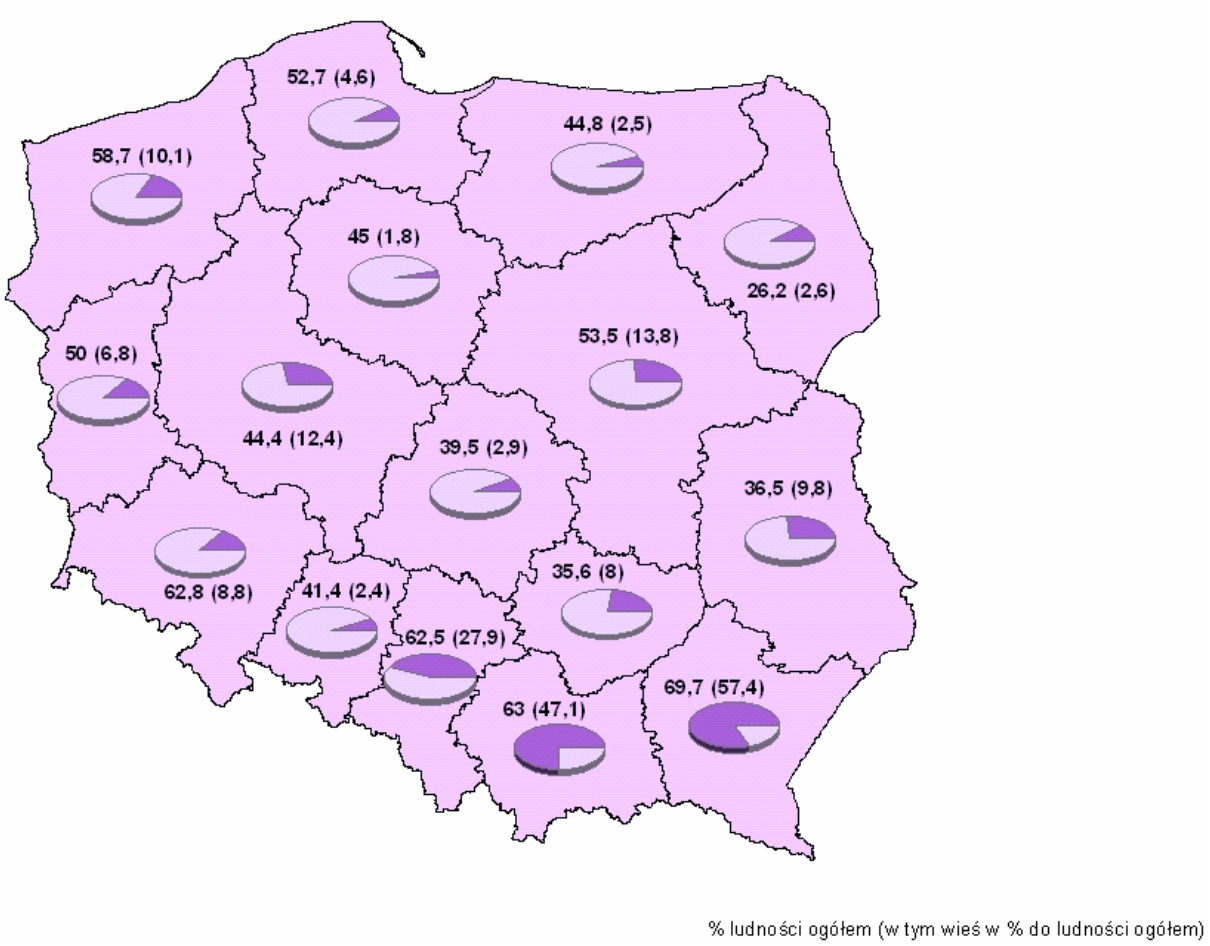


Annex 13. Gas supply network 2005 [km/100 km^2]



długość sieci gazowej w km na 100 km^2 (w tym na wsi - w km na 100 km^2)

Annex 14. Population using gas supply system in 2005 [in %]



Annex 15. Summary of rural areas diagnosis

The greatest ”weaknesses” of rural areas to be prevented are unemployment, bad income situation and limited labour market (including lack of non-agricultural jobs in rural areas), low level of mobility and smaller availability of education. Another weakness is a low degree of specialisation of agricultural holdings (insufficient investment) and fragmentation of area structure, which are reflected by lower productivity and limited technological progress. Next problem is insufficient investment in environment protection as well as underdeveloped technical infrastructure in rural areas (above all, sewage system, telephone network, Internet), which implies low attractiveness of rural areas for investors. Needs are enormous in this respect, they far exceed the investment capability of agricultural holdings and even the possibility of bringing in own funds in the case of using the transfer of pubic funds. The situation in the field of public service infrastructure is similar (health care, pre-school education, education and culture).

The indispensable condition for creation and development of information society is a large-scale introduction of information and telecommunication devices (ICT) and access to Internet; information with this regard constitutes a basis for further analysis of goals and methods of ICT usage. This information is also useful as a basis for assessment of impact, which these technologies may have on economic processes, economical outcome and organisational structure of enterprises, including agricultural holdings and (in longer perspective) on cultural changes in the entire society.

Threats for development are excessive workforce, low level of education limiting the process of structural and technological transformations, unfavourable impact on the quality of life of rural inhabitants, low income of rural population and unreasonable management in connection with the lack of resources for modern production.

This situation leads to maintaining low level of social activity in rural areas and unequal chances of development as compared to urban inhabitants.

A significant difficulty for farmers is posed by unfavourable natural conditions for agricultural production, such as large proportion of weak and acidified soil, low precipitation and short growing season. As a result, Polish farmers need to engage their knowledge, effort and means to a larger extent than farmers in other parts of Europe. All of them are objective obstacles to the development of the agricultural sector and rural areas.

Polish agriculture and rural areas also have their strengths, which include large land resources, which, however, as already mentioned, are not of highest quality, which limits the scope of their use. This potential may be fully used provided that sufficient support for investment in agricultural holdings, processing industry and infrastructure is granted.

The socio-economic and environmental situation in the rural areas indicates significant backwardness in economic development; at the same time, however, it shows the existing significant potential for development, the effective use of which will be favourable for the prosperity of rural population and will support Poland's socio-economic development.

A very good condition of the environment and environmental resources represent both an opportunity and potential. These features are favourable for organic farming, traditional and regional products market, multi-functional development of rural areas and non-agricultural activities, such as tourist services, agro-tourism, clean energy production and forestry services. Also the favourable age structure of rural population – high percentage of young people – may contribute to rural development, if instruments of support are properly used. Great differences in agricultural production features have a positive impact on the differentiation of market offer for traditional and regional products. Another chance is increased readiness to undertake non-agricultural activity, with appropriate substantial and financial support. In a longer perspective, this may lead to the creation of new jobs and increase of income, as well as to full achievement of mutifuntionality of rural areas. In addition, the development of infrastructure and preservation as well as protection of cultural heritage will constitute an important contribution to process of rural areas renewal.

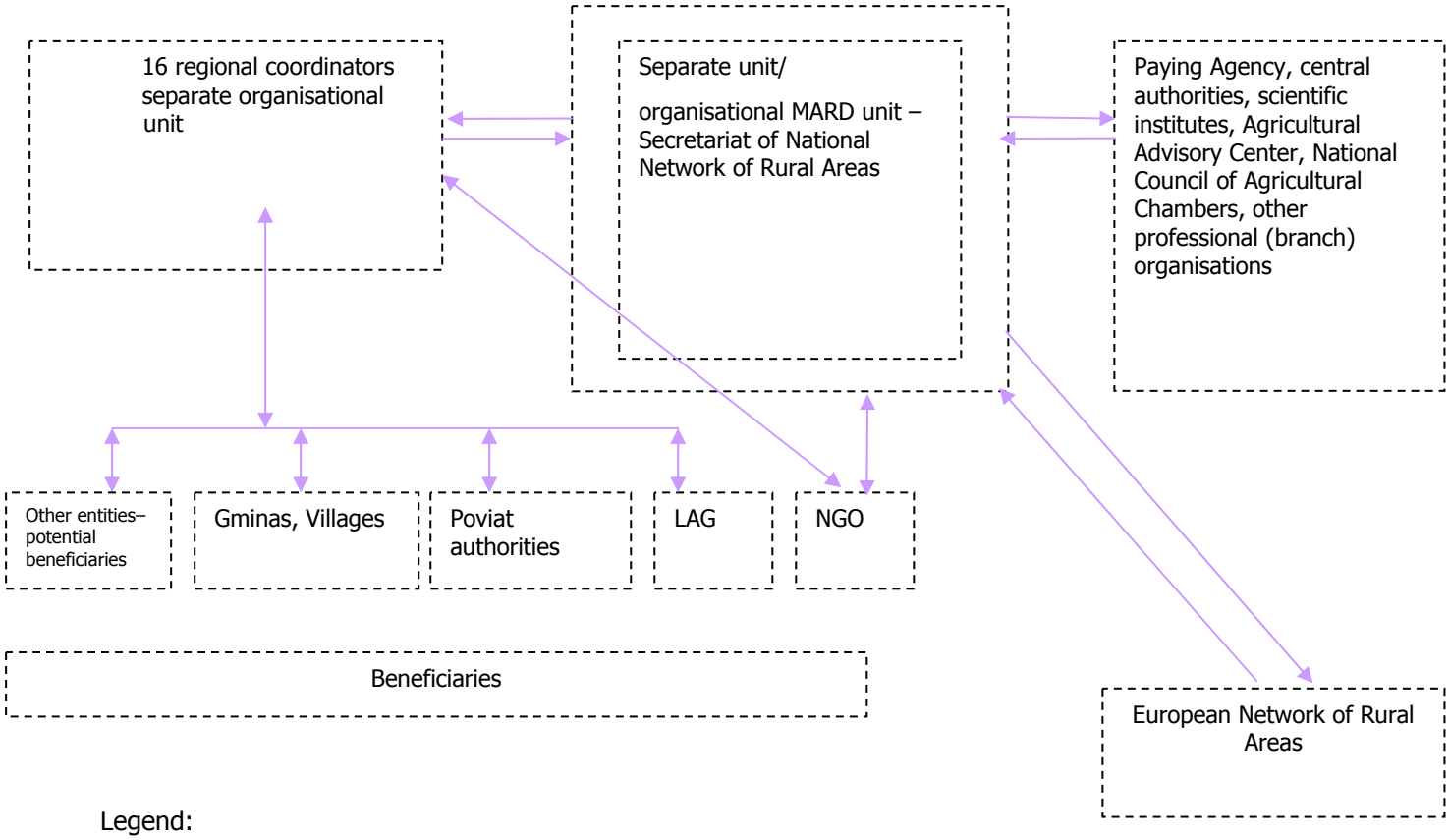
Differentiated agricultural structures constitute a weakness on the one hand, if agricultural holdings with low effectiveness prevail; on the other hand, they may constitute a chance for a rapid change, while retaining diversity; this may also contribute to the adaptive and development potential of agriculture and the rural areas. Agricultural structures should be approached bearing in mind their complexity (in terms of social, economic and environmental complexity). The presence of family holdings – large, medium-sized and small – within these structures, utilizing more conventional and traditional technologies, increases the flexibility of agriculture's structure and the possibilities to exploit production resources.

As already mentioned, the development of agri-food industry, from the point of view of its share in GDP, its potential of creating new jobs, as well as possibility of exploring a number of agricultural production directions, offers great opportunities for development. This may be favourable both for market stabilisation and for increase of agricultural producers' industry-related income.

Varied character of Polish rural areas, both as to natural conditions and multifunctionality of production and management methods, makes it difficult to indicate one direction of development of the agricultural sector. Therefore support should be adjusted to the needs and potential of a given group of agricultural holdings. In addition, it is important to remember to concentrate efforts towards long-term activities and those bringing the biggest benefit for sustainable development of rural areas. Taking the above into account, horizontal approach at the country level is used, without differentiating to regional levels.

Annex 16. National Network of Rural Areas

The information flow model



Legend:

→ Information transfer (exchange), intermediation in information transfer, consultations, other connections within the scope as resulting from potential dependencies as described in the Program for specific Measures.