

MANAGEMENT, BUDGETING AND EVALUATION OF THE RURAL DEVELOPMENT PROGRAMME IN AGRIBUSINESS LOGISTIC SYSTEMS IN POLAND

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Abstract: Article examines the problems associated with the development of transport infrastructure in the area of agribusiness. One of the sources that can co-finance the development of logistics infrastructure are EU funds. The article presents the use of EU funds in the financing of transport infrastructure development along with statistical analysis of applications submitted and approved for implementation in Poland. Indicates, by analysing of the discrimination (UAD) the results it has achieved in this industry in 2007–2013.

Keywords: management, agribusiness logistic systems, analysing of the discrimination in the agribusiness sector.

1. Introduction

There are several institutions engaged in the monitoring of the Program: the Minister of Agriculture and Rural Development, the Paying Agency, the institutions cooperating in the implementation and the most important – the Monitoring Committee.

The Committee in accordance with the directive of the Minister of Agriculture and Rural Development on the establishment of the Monitoring Committee of the Rural Development Programme for 2007–2013 includes [6]:

1. One representative of the rank of secretary or undersecretary of state indicated by:
 - Ministers responsible for the matters of public finance, rural development, environment, regional development, culture and national heritage, economy, labor, education and upbringing.
 - Secretary of the Committee for European Integration.
 - Head of the Chancellery of the Prime Minister.
2. The Governor, appointed by the Prime Minister.
3. Two representatives of the provincial government, appointed by the Joint Commission of the Government and the Local Government.
4. A representative of the county, designated by the Joint Commission of the Government and the Local Government.
5. A representative of the local government, indicated by the Joint Commission of the Government and the Local Government.
6. A representative of the National Council of Agricultural Chambers.
7. A representative of the National Council of Water Management.
8. A representative of the National Council for the Protection of Nature.
9. A representative of the Forestry.
10. A representative of business organizations in the fields of food processing.
11. A representative of trade associations of agricultural producers.

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12. A representative of non-governmental organizations with nationwide reach.
13. A representative of non-governmental organizations nationwide, working for rural development.
14. A representative of universities.
15. A representative of the Polish Bank Association.

Monitoring is conducted in accordance with the defined financial indicators, indicators of product, result and impact. As part of its reporting on progress, to June 30 of each year, the Minister of Agriculture and Rural Development is required to submit an annual report to the European Commission on the implementation of the Program. In accordance with article 82 of Council Regulation (EC) no 1698/2005 in this document there are the following data:

1. any decision about changes in the general conditions having a direct impact on the conditions of the program, as well as any changes to Community and national policies affecting consistency between the EAFRD (European Agricultural Fund for Rural Development) and other financial instruments,
2. the progress of the program in relation to the objectives, identified on the basis of product and result indicators,
3. information concerning the financial implementation of the RDP (Rural Development Programme),
4. the summary of the ongoing evaluation activities,
5. The steps taken by the Managing Authority and the Monitoring Committee to ensure the quality and effectiveness of program implementation, in particular:
 - a) monitoring and evaluation activities,
 - b) a summary of the major problems encountered in managing the program and any measures taken, including those that have been taken in response to comments made by the European Commission,
 - c) the use of technical assistance,
 - d) the steps taken to ensure the propagating of the program in accordance with art.76 of Council Regulation (EC) no 1698/2005,
6. a statement of compliance with Community policies in relation to the support provided by the programme, including identification of the problems encountered and measures taken to address them,
7. where applicable, re-utilization of aid received under art.33 of Council Regulation (EC) no 1290/2005.

In order to efficiently manage, monitor and evaluate the implementation of the RDP 2007–2013 (Council Regulation (EC) no 1698/1999) the computer system was created to record data and maintain statistical information. The main purpose of the system apart from the safe storage of data is a quick transfer of information between the institutions implementing the programme.

The implementation of the program is assessed on an ongoing basis and from time to time: ex-ante, mid-term and ex-post. The main purpose of evaluation is to improve the quality and effectiveness of the program. Ex- ante evaluation – determines medium and long- term needs, goals and expected results in relation to the previous period.

Mid-term evaluation- concerns the implementation of the program in 2007–2013. Its effect is the recommendation of actions that might improve the implementation of the program. Ex-post evaluation – will be released in 2015. It will determine the degree of

utilization of the resources, as well as the socio-economic impact of the RDP on rural development.

It should be noted that the monitoring and evaluation of the RDP concerns not only the procedures and substantive records, but also the efficient management of the budget of the RDP 2007–2013- allocation of funds for specific activities.

All the activities of the RDP 2007–2013 are financed by the European Agricultural Fund for Rural Development (EAFRD) and national funds. The total funding for the implementation of RDP for 2007–2013 amounts to more than 17.2 billion EUR, including funds from EAFRD which amount to 13.2 billion EUR, and national resources about 4 billion EUR. This gives the average for the year of about 2.5 billion Euro funding for the support of Polish agriculture.

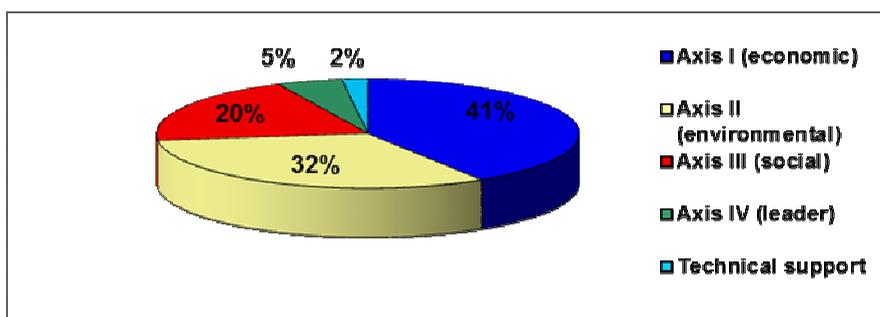


Figure 1. The budget RDP 2007–2013 by axis

Source: Own calculations on the basis of [6]

Management of the Common Agricultural Policy is conducted in accordance with precisely defined rules. Budgetary limits are defined to control spending. The legal framework and the detailed terms and conditions of the financing from the EU budget on the CAP (Common Agricultural Policy) including RDP, are laid down in Council Regulation (EC) no 1290/2005. In order to obtain data on the progress and effects of the implementation of the RDP, ongoing assessment and monitoring of the program is used.

Use of funds in the management of agriculture makes it possible to increase the potential of this business sector. Analysis of indicators that are achieved in the management of agriculture shows that in recent years the supply of funds had a positive impact on the performance of the agricultural sector [2, 3].

2. Assessment of economic results in the cooperative with using pattern inequality sets and multifactor analysis of discrimination

In order to assess the economic results, a pattern inequality set of quantitative indexes have been used, also termed a serial sequence models, having the following form:

$$i_r < i_m < i_p < i_z$$

where:

- i – quotient of values from the investigated year to the value from the period of a comparative base,
- r – employment,

- m – property in total,
- p – revenues on sales,
- z – net profits.

Considering the dynamics of individual relations in 2012 as compared to 2010 as a comparative base, the quantitative inequality set holds true for:

$$0,87 < 1,29 < 2,28 < 4,03$$

From the abovementioned data it results that in the analysed period the dynamics of net profit was higher than the growth of revenues on sales, the growth of turnover was higher than the growth in property and the dynamics of property was higher than employment. This means that the inequality set was in agreement with the pattern set and it proves the intensive economy policies in the company [3]. In logistic systems in agribusiness sector, is, therefore, an increase of performance indicators, which may mean that in the future they will continue to develop dynamically [1, 4].

3. Assessment of the agribusiness company standing by means of multifactor analysis of discrimination (UAD) [4]

The assessment of financial standing in a company by means of the methods of analysis of indexes brings many difficulties in interpretation of the results in the case when some of the indexes are assessed as ‘good’ and some as ‘bad’, in other words, which of the indexes are more important and which of them are less important for the thorough assessment of the economic entity. The solution to this problem is always difficult to analysts. One of the methods which might be employed in such cases are *scoring* models. The fundamental goal of these models is to present the economic and financial situation of the company by means of one index.

The most popular method, frequently described in the literature is a simplified, multifactor analysis of discrimination (UAD). Six indexes is used here. These weights are the expression of importance of the level of indexes, which – as results from the investigations – are decisive for economic and financial standing of the companies. On the basis of the analysis of a few thousand companies, the weights have been determined for individual indexes. These weights are an expression of the importance of the level of the indexes to the general company’s standing, whereas in simplified analysis of discrimination a strong emphasis is put on cash surplus (profits and depreciation/amortization), thus biggest weights are for the indexes of profitability of assets and turnovers. Comparison of weights for individual indexes is presented by Table 1.

Table 1

Simplified, multifactor analysis of discrimination

Indexes	Weight	
x ₁	gross profit + amortization (depreciation) /short- and long-term liabilities	1,5
x ₂	balance amount /short- and long-term liabilities	0,08
x ₃	gross result/ balance amount	10,0
x ₄	gross result / turnover	5,0
x ₅	inventory/turnover	0,3
x ₆	turnover/balance amount	0,1

Source: [4]

The total of the six weighted indexes determines the assessment of the company's value and standing:

$$W = x_1 \cdot 1,5 + x_2 \cdot 0,08 + x_3 \cdot 10,0 + x_4 \cdot 5,0 + x_5 \cdot 0,3 + x_6 \cdot 0,1$$

According to the criteria accepted on the basis of the investigations, the simplified analysis of discrimination uses the following scale of assessment:

W = 0 border value

W < 0 negative result, the company is at risk of bankruptcy

0 < W < 1 relatively poor results, but without risk of bankruptcy

1 < W < 2 relatively 'good' company position

W > 2 very good company position

The calculated values of W index in the analysed cooperative amounted: in 2010 – 0.80; in 2011 – 0.83; in 2012 – 1.08. According to the accepted scale the company was not at risk of bankruptcy and in 2012 it was assessed as relatively good.

The calculated values of the index, according to the simplified analysis of discrimination proved that in the analysed period the company was not put at risk of bankruptcy and in last year it was assessed as quite good. Considering the dynamics of individual quantity and quality relations it is possible to argue that the analysed company is managed intensively and the perspective for the nearest years are quite optimistic.

4. Conclusion

In summary, it can be concluded that the EU funds a positive impact on the agricultural sector. Given the proper management of resources in the area of agribusiness and increase the competitive capacity of enterprises. The use of these funds by the agricultural enterprises determines their development and further growth [5, 7].

The use of EU funds also affects the sphere of logistics in agricultural enterprises. much of the investment that has been made in last year's applies especially transport infrastructure, which means that in that area there has been a marked improvement in the available resources.

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