Abstract. The EU membership requires introduction of significant changes in the agricultural sector. Such changes will not be possible without investments in human capital. The aim of the paper is to make an attempt at presenting the coincidence of three factors conducive to the development of lifelong learning process in rural areas:

1) EU and Polish legislation concerning the cross-compliance rule enforcement;
2) EU financial support for human capital development in the EU second programming period;
3) new banking product connected with financing adult education (Individual Learning Accounts, ILA).

Key words: cross-compliance, lifelong learning, ILA, rural areas.

Introduction

There is a need in Poland to create a platform for debate and cooperation between the political decision makers, academia, industry and public opinion concerning the research priorities as well as the key social problems. Such an interdisciplinary approach to scientific research serves discovering coincidences. And coincidence explains why a set of given circumstances occurring together guarantees creating an effect of durable economic development. When technological progress coincides with four other processes, then the economy moves fast forward. Among these other processes the following can be included [Kołodko 2008]:

1) domination of criticisms and innovativeness over dogmatism in the sphere of culture and economy
2) economic knowledge and capability to organize the expansion of production and trade
3) political will of the authorities to introduce indispensable institutional reforms that would serve freeing people’s energy, entrepreneurship and creativity
4) openness towards contacts with external environment that enables wider exchange not only of goods, but also information and culture.

The coincidence analysis is necessary while posing the question about the direction of the world’s development. According to Kołodko, among a dozen of fundamental areas (Big Issues of the Future) that should be carefully observed, count the knowledge-based economy and society. From the utilitarian point of view, knowledge-based economy could be defined as such a configuration of factors of production, in which people who know more will increasingly contribute to the economic growth. Economies and societies will more and more effectively use knowledge for the benefit of their own development. Still it will be necessary to know how to sow, dig, hunt and so on. These will be however the activities of ever smaller group, whereas ever greater number of people will above all use

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knowledge as the key factor of production [Kołodko 2008]. Already Einstein stated that thinking had a great future. Recalling this thought in the era of knowledge-based economy (KBE), it is worthy using now this advantage of the human species in order to analyze the coincidence of factors conditioning the development of lifelong learning in Poland. The European Union membership requires restructuring of a lot of economic sectors, including agriculture. Therefore the analysis of coincidence of factors influencing lifelong learning development in rural areas would be of a special importance. This is a crucial point especially because the potential participants in lifelong learning in the countryside are to a great extent so called ‘resigned minimalists’. They are individuals whose material living conditions are objectively difficult or average, and who limit their life aspirations and aims to a minimum, understood most of all as the willingness to safeguard the (difficult) situation, in which they are currently. They are minimalists searching stabilization and peace; their plans, formulated in a negative way (for the situation not to worsen), concern mostly matters of family. They do not own a lot, and they do not want much; they are focused on what they already have [Kapita… 2006]. It is therefore worth looking at the results of coincidence analysis included in research reports from at least two important research projects concerning the visions of rural areas development:

1) National Foresight Program ‘Poland 2020’ (NFP ‘Poland 2020’), that is accompanied by a slogan ‘Future Starts Today’².
2) Agro-Info Program, a vision of countryside of 2025, realized by the Cooperation Fund on commission of the Office of the Committee for European Integration.

In the case of the National Foresight Program ‘Poland 2020’³, the following aims of the undertaking are of key importance:

1) to draft the vision of Poland’s development until 2020
2) to determine, together with the main stakeholders, the priority research and developmental works directions that in the long term would contribute to the acceleration of the socio-economic development
3) making use of the research results in social practice, as well as creating preferential conditions for them in the process of assigning budget means
4) to demonstrate the meaning of scientific research for the economy’s development, and the possibilities of absorbing the research results by the economy
5) adapting the Polish science policy to the requirements of the European Union.
6) shaping science and innovations policy towards the direction of knowledge-based economy⁴.

² The foresight method is an important element of rational forecasting of possible ways of the development of the research and development sphere. It is used in most of the EU member states. Also in Poland, since December 2006, National Foresight Program has been realized that embraces three research areas: Poland’s Sustainable Development, Information and Communication Technologies and Social Security.
³ The program is realized by the Coordinating Consortium, selected through a competition, and including Institute of Fundamental Technological Research of the Polish Academy of Sciences (the Consortium Coordinator), Institute of Economic Sciences of the Polish Academy of Sciences, and Pentor Research International.
⁴ Based on the issued information about the NFP ‘Poland 2020’.
Whereas in the Agro-Info Program, the main justification for this type of analyzes should be the conclusion that in the perspective of several decades Polish agriculture will face (Klepaki 2005):

1) a small agrarian revolution, concerning the agricultural land area: increase in the acreage of farms concomitant with a decrease in the agricultural area in general
2) quite a significant technical revolution, connected with the implementation of new, very precise machines, tools and systems of decision-making furtherance
3) a huge revolution in the field of knowledge, its usage and superceding of the material inputs.

Unfortunately, both programs do not devote enough attention to the issue of lifelong learning processes. This omission seems not understandable given the assumption that in the near future being a farmer will require very high and wide-ranging qualifications. The structure of knowledge indispensable for any farmer will be subject to a significant change. Knowledge of ecological and other non-production related (esthetic, cultural, social) aspects of farmer’s activity will become an equally important component of such knowledge, contributing to the improvement of economic effectiveness of the activity (Wilkin 2005).

The aim of the paper is therefore to make an attempt at presenting the coincidence of three factors conducive to the development of lifelong learning processes in rural areas:

1) the EU and Polish laws concerning the cross-compliance rule enforcement
2) the EU financial support for human capital development in the EU second programming period
3) new banking product connected to the expenses of adult education (Individual Learning Accounts, ILA).

Cross-compliance as an instrument of Common Agricultural Policy

The reform of Common Agricultural Policy, accepted by the ministers of agriculture of the EU member states on June 26th, 2003 in Luxemburg, introduced, among other things, the detachment of the direct payments from the structure and the range of agricultural production. This implies that most of the previous direct payments, specific for various production types, are substituted with a universal payment systems. Significant majority of payments will be directed to farms regardless of the production amount, whereas the payments will be conditioned by meeting a lot of norms concerning the environment protection and the welfare of animals. The set of such norms is referred to as the cross-compliance rule, that is to say, so called interdependence rule. Minimum requirements addressed to the direct payments’ beneficiary’s farm will concern:

1) environmental protection against the pollution implied by activities on the farm

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5 Before a complex system of payments was in force, where the payments included, for example, some extra money attached to area according to a referential crop.
6 In Poland, also other translations of this notion are used, like for example: the rule of cross-compatibility, the rule of mutual compatibility.
2) production of agricultural goods in a way non threatening people’s and animal’ health, nor the health of plants
3) ensuring the conditions for animals’ welfare
4) exploiting the land in a way that would not worsen its quality.

The cross-compliance rule is regulated by numerous directives and regulations listed below.

A. Legal acts in force in the EU-15 since 01.01.2005 (applicable in Poland since 01.01.2009)

Environment
1) Council Directive 79/409/EEC of April 2nd, 1979 on the conservation of wild birds (Official Journal L 103, 25.4.1979), article 3, paragraph 1, article 3, paragraph 2, point b; article 4, paragraphs 1,2,4,5, points a, b, d.

Public and animal health, identification and registration of animals

B. Legal acts in force in the EU-15 since 01.01.2006 (applicable in Poland since 01.01.2011)
10) Council Directive 96/22/EC of April 29th, 1996 concerning the prohibition on the use in stockfarming of certain substances having a hormonal or thyrostatic action

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and of β-agonists, and repealing Directives: 81/602/EEC, 88/146/EEC, as well as
January 28th, 2002 laying down the general principles and requirements of food
law, establishing the European Food Safety Authority and laying down procedures
in matters of food safety (OJ L 31, 1.2.2002), articles 14, 15; article 17, paragraph
1; articles 18, 19, 20.
12) Regulation (EC) no. 999/2001 of the European Parliament and of the Council of
May 22nd, 2001 laying down rules for the prevention, control and eradication of
certain transmissible spongiform encephalopathies (OJ L 147, 31.05.2001),
articles 7, 11, 12, 13, 15.
measures for the control of foot-and-mouth disease (OJ L 315, 26.11.1985), article
3.
Community measures for the control of certain animal diseases and specific
measures relating to swine vesicular disease (OJ L 62, 15.03.1993) – article 3.
provisions for the control and eradication of bluetongue (OJ L 327, 22.12.2000),
article 3.
C. Legal acts in force in the EU-15 since 01.01.2007 (applicable in Poland since
01.01.2011)
Animal welfare
standards for the protection of pigs (OJ L 340, 11.12.1991), article 3 and article 4,
paragraph 1.
kept for farming purposes (OJ L 221, 8.8.1998), article 4.
Meeting the cross-compliance requirements, according to the Council Rule no.
1698/2005, articles 36 and 52, will constitute a condition for receiving payments within the
frame of the Rural Development Plan in the case of agri-environmental activities, farming
in the mountainous areas and other agriculturally disadvantageous areas, areas of ‘Nature
2000’, as well as areas connected with the implementation of the Water Framework
Directive, and afforestation of agricultural areas.

The farmer will have to keep the land in a good agricultural culture, according to the
environment protection requirements. Minimal requirements in this respect will be
established by the member states at the state or regional level, taking into account the
national/regional climate and soil conditions, the level of soil exploitation, practices in the
field of crop rotation, methods of farming, as well as the farms’ structure. It is worth
underlining that the requirements connected with the maintenance of land in good culture
and according to the environmental protection requirements should not be identified with the requirements of the usual good agricultural practice applied within the frame of the Council Rule 1257/1999, as well as requirements applied for the agri-environmental undertakings, in the case of which they are stricter than the usual good agricultural practice.

Not obeying the cross-compliance rule implies fees. These are various, according to the character of the misbehaviour and its consequences. They consist in decreasing the applicable direct payments, including the exclusion of the farmer from the payment system\(^7\). There are the following forms of sanction:

1) failure to obey the cross-compliance rule has the consequence of payment reduction by maximum 5%, and in the case of repeated failure by 15%

2) purposeful refusal to obey to the cross-compliance rule has the consequence of at least 20% reduction of payment, and in extreme case may lead to exclusion of the farmer from the payment scheme for one year or longer [Minimalne… 2007].

In Poland the cross-compliance rule will be applicable from the moment of moving from the Single Area Payment Scheme to the Single Payment Scheme in 2009\(^8\).

**Education of farmers in the field of cross-compliance**

Polish farmers, as well as others from the EU, should be well prepared to obey the cross-compliance rules in their farms. The knowledge about the requirements of cross-compliance allows the farmer to assess, whether the currently applied solutions in the sphere of production, organization and farm management are in accordance with those requirements. The lack of adaptation can in many cases be a reason for discontinuing production.

Farmers can adapt the production in their farms to the requirements of cross-compliance on their own, basing on the available primary information sources (e.g. directives and rules published in official journals) as well as secondary sources (e.g. professional literature). Reading of legal acts however bears often many difficulties in the process of the included provisions interpretation. The legal acts in the field of cross-compliance are not only numerous, but they also describe relatively complex issues of farm management. Farmers’ knowledge in this field may not be deep enough (see Table 1). On average, for 50% of the respondents to a recent survey being beneficiaries of direct payments, the consequences of non-complying to the cross-compliance rules are not obvious. This can lead in practice to losing the payments already awarded. Taking into consideration the research results, a clear conclusion comes out: agile and efficient counseling system for farmers is indispensable. The more so, because in the control system of direct payments applied in the EU, the level of

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\(^8\) This deadline is implied by provisions of the Council Rule no. 2012/2006.
knowledge and farmers’ professional qualifications as equal to that of the beneficiaries from the EU-15 have been taken into account.

Table 1 The assessment of farmers’ knowledge about the consequences of non-obeying the EU laws in the field of cross-compliance, %

<table>
<thead>
<tr>
<th>Item</th>
<th>Directive range</th>
<th>d.s.</th>
<th>r.n.s.</th>
<th>r.n.s.</th>
<th>d.n.s.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Applicable in the EU since 1.01.2007</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>‘Welfare of animals’ in the field of protection of:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>1.1. calves</td>
<td>16.0</td>
<td>31.0</td>
<td>44.0</td>
<td>9.0</td>
</tr>
<tr>
<td></td>
<td>1.2. pigs</td>
<td>13.0</td>
<td>37.0</td>
<td>41.0</td>
<td>9.0</td>
</tr>
<tr>
<td></td>
<td>1.3. animals used for farming purposes</td>
<td>8.0</td>
<td>40.0</td>
<td>41.0</td>
<td>11.0</td>
</tr>
<tr>
<td>2.</td>
<td>Applicable in the EU since 1.01.2006</td>
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<tr>
<td></td>
<td>‘Public, animal and plant health’ in the field of:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>2.1. placing of plant protection products in the market</td>
<td>19.0</td>
<td>60.0</td>
<td>17.0</td>
<td>4.0</td>
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<tr>
<td></td>
<td>2.2. prohibition on the use of certain substances having a hormonal action</td>
<td>17.0</td>
<td>38.0</td>
<td>37.0</td>
<td>8.0</td>
</tr>
<tr>
<td></td>
<td>2.3. ‘Food Safety’</td>
<td>17.0</td>
<td>49.0</td>
<td>27.0</td>
<td>7.0</td>
</tr>
<tr>
<td></td>
<td>2.4. ‘Prevention and control of certain diseases’</td>
<td>14.0</td>
<td>34.0</td>
<td>45.0</td>
<td>7.0</td>
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<tr>
<td>3.</td>
<td>Applicable in the EU since 1.01.2005</td>
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<td></td>
<td>‘Environment’ in the field of protection of:</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>3.1. wild birds</td>
<td>8.0</td>
<td>26.0</td>
<td>49.0</td>
<td>17.0</td>
</tr>
<tr>
<td></td>
<td>3.2. groundwater</td>
<td>8.0</td>
<td>33.0</td>
<td>44.0</td>
<td>15.0</td>
</tr>
<tr>
<td></td>
<td>3.3. soil when sewage sludge used</td>
<td>9.0</td>
<td>31.0</td>
<td>46.0</td>
<td>14.0</td>
</tr>
<tr>
<td></td>
<td>3.4. water against nitrates</td>
<td>12.0</td>
<td>35.0</td>
<td>44.0</td>
<td>9.0</td>
</tr>
<tr>
<td></td>
<td>3.5. natural habitats</td>
<td>10.0</td>
<td>28.0</td>
<td>50.0</td>
<td>12.0</td>
</tr>
</tbody>
</table>

d.s. – decisively satisfactory, r.s. – rather satisfactory, r.n.s. – rather not satisfactory, d.n.s. – decisively not satisfactory.

Source: research in the frames of the grant of Minister of Science and Higher Education: The role of structural funds in the process of knowledge-based economy building (lifelong learning)9.

The EU requirement to apply the cross-compliance rules is a perfect opportunity to make farmers active in the process of lifelong learning. Participation in trainings in the field of cross-compliance should be obligatory for every beneficiary of direct payments. Additionally such trainings should include, on the occasion of talking about cross-compliance, informing about the innovations in agriculture. The most suitable teaching method for the realization of this task is demonstration. Application of this method requires, among other things [Kujawiński 2007]:

- an adequate location of the place where the chosen technology should be applied
- ensuring comparability of the effects of applying demonstrated solutions with the effects of solutions used so far
- documenting the progress of work done (e.g. deadlines, modes of pursuing action) as

9 Contract no. 0208/H03/2007/32.
well as the adequate esthetic maintenance of the location where the technology is introduced
- organizing periodical meetings of farmers in order to make them observe the important elements of the process of a complex technology introduction as well as its effects
- popularization (best if with the participation of an innovative farmer) of the effects of applying these solutions among other farmers.

The quality of trainings offered to the farmers will become a factor of how the rules of cross-compliance are applied in farms.

**Individual Learning Accounts as an instrument of financing trainings in the field of cross-compliance**

In order to make the system of farmers’ counseling more effective, including counseling in the field of cross-compliance, financial resources were provisioned in the Rural Development Plan for years 2007-2013 that should enable farmers to use counseling services. Thanks to this support, a real market for counseling services should be launched, which should imply an increase in the quality of services offered. What raises doubts however, is the fact of keeping the old rules of EU funds spending in the second EU programming period. According to the current allocation formula EU resources supporting the process of human capital investment are directed to contracted projects. During the first EU programming period the project contracting demonstrated numerous disadvantages of this formula. Among the most important are [Kowalska 2007]:

1) lack of interest on the side of potential beneficiaries in the offer of projects proposed by some of the project-launching institutions
2) unequal distribution of resources ‘consumption’ among the supported beneficiaries
3) lack of financial participation in the training project costs by the beneficiary
4) disturbed balance between the supply and demand in the labour market .

Given the fact that during the official control of the direct payments beneficiaries also farmers’ qualifications and the state of their professional knowledge will be verified, one could propose to allocate the resources directed to financing the lifelong learning directly to the beneficiary. The beneficiary would thus have more freedom in choosing the theme of the training, its place and time. Besides, this is an adequate timing for, together with granting financial self-reliance to the farmer, making him be used to participate in the costs of taking part in the lifelong learning process. All these functions could be performed by a new, under Polish conditions, instrument of supporting the financing of human capital investment, i.e. the Individual Learning Account (ILA). ILA is a preferential (supported from the state budget), saving account devoted to financing educational expenses. The pattern to follow could be the British ILA model, based on the idea of a three-level
investment in education, that is to say an investment by the learning person (adult) himself/herself, the employer and the state\textsuperscript{10} [Kowalska 2007, 2008b].

When adapting the British ILA model to the conditions of Polish rural development, the first recipients of this offer should be those who dispose of farms smaller than five hectares, that is to say those who are at the highest risk of losing profits as a result of the agricultural sector modernization. ILA for farmers would be supplied from the state budget (with the support of the EU structural funds) and the account holder’s own financial input. Financial input by the farmer would be a condition for receiving the state budget money. The function of the account’s operator would be assigned to a bank, for example, a cooperative bank [Kowalska 2008a]. The ILA administrators (the client desks) could become, for instance, Lifelong Learning Centers or Centers for Vocational Training.

Implementation of ILA would also create a chance to gain an added value from the EU 2007-2013 programming period in Poland. The focus is on reviving the real interest of the rural areas’ residents in bearing costs of the lifelong education. The modernization of Polish agricultural sector is a perfect occasion to create among the residents of villages an attitude appreciating the value of lifelong learning [Kowalska 2006]. This will be implied by a very favorable combination of legal circumstances. Firstly, farmers are already conversant with the basic rules of individual banking. This knowledge comes from, at least, the necessity to open an account in order to receive the EU direct payments. Secondly, farmers can feel more motivated towards education when they are aware of the possibility of losing the direct payments or their decrease as a result of not obeying to the EU rules (cross-compliance principle).

Conclusions

The aim of developing the lifelong learning processes in rural areas requires an interdisciplinary research approach to investment in human capital. Of such interdisciplinary character is the field of new political economics. This is because political economics deals with the social rights of production and with the ways the goods are delivered to the recipients, that is to say consumers, i.e. people who with the help of these goods meet their individual or common needs [Lange 1975]. The possible renaissance of political economics will extend the researchers’ capability of noticing coincidences. KBE

\textsuperscript{10} In the case of pilot programs realized in the years 2000-2001 the public financial incentives in United Kingdom directed to support educational investment by private individuals embraced:
1) state financial input at the level of £150 in the first year of the account’s functioning, warranted by a small own input (£25) by the account’s holder (the subsidy was provisioned for the first million of accounts)
2) 20% tuition discount for costs not exceeding £ 500 yearly
3) 80% tuition discount in case of priority learning programs that develop information technology skills
4) additional income for employees receiving financial support from their employers (resources sent to the account), free of taxes and social insurance contributions
5) employers’ payments to the learning accounts, alike other training costs the employer bears, deductible from taxed revenue of the enterprise.
requires new instruments of adults’ education. ILA could become an attempt at introducing good financial practices in this field in Poland.

References