

Jacek PIECZONKA*

OPPORTUNITIES AND THREATS TO THE DEVELOPMENT OF A RURAL MUNICIPALITY SITUATED IN A REGIONAL PARK OF NATURAL BEAUTY

1. Natural and socio-economical conditions of the functioning of the municipality

The municipality Pokój is situated 30 km north of Opole. Its area occupies over 132 km². 90% of its territory is included in Stobrawski Park Krajobrazowy (Stobrawa Regional Park).

The relief of the land in the municipality is not diverse; it includes some undulating areas with dunes. The landscape is enriched by a complex hydrographic system including fishponds. The usage of the land is dominated by forests – 49.2% of the whole area, farm land – 40.6%, water – 3.7%. Soil in the areas where farm land is situated are mainly of low agricultural usefulness. Over 70% of arable lands are defined as fifth and sixth category. Such soil conditions lead to a low productive agricultural index – 64.2, which is one of the lowest in the Opole voivodship (province). The high forest density provides a perfect natural environment for many species. There are many protected plant and animal species, which are scarce within the region and Poland.

The population of the municipality is 5646 inhabitants, the population density is 42 people per 1 km², which is much lower than the average population density in the Opole voivodship – 115 persons per 1 km².

The percentage of people below productive age in the Pokój municipality is relatively high (25.6% in the municipality, 23.4% in the voivod-

*Dr. Jacek Pieczonka, Opole University, Faculty of Economics.

ship) and there are fewer people above productive age (12.6% in the municipality, 23.4% in the voivodship). In the years 1995–2000 the percentage of people below productive age fell from 30.4% to 25.6%, the percentage of people of productive age rose from 58% to 62%, and the percentage of people above productive age rose from 11.6% to 12.4%. According to demographic forecasts, by the year 2010 the birth rate will have fallen and the number of people above productive age will have risen.

This demographic regression is also the result of frequent emigration. Apart from permanent emigration, there is also temporary emigration, mainly to Germany.

In the year 2000 the unemployment rate in the municipality was 12.8%, which was higher than the average rate in the voivodship. 70.9% of the unemployed were people without rights to unemployment benefit and 8.1% of the unemployed were graduates.

The countrywide recession has caused the bankruptcy of many firms, including firms in the Pokój municipality. There is a lack of large companies that might generate income and provide the municipality budget with money necessary for capital expenditure. The majority of the companies that run a business employ physical laborers. There is no specialized craftsmanship characteristic of the region. The only big companies are in the field of agriculture and forestry.

Family run farms dominate the agricultural structure. In 2001 there were 666 farms of varying acreage.

The number of firms in the years 1995–1999 in the Pokój municipality grew. However, the expanding economic recession caused a decrease in the number of firms in the years 2000–2001.

The dominant groups of firms are trading companies – 63 firms (36.2% of all firms), building and installation contractors – 14.9%, transportation companies – 11.5% and timber companies – 11.5%.

As a result of education reforms, the number of schools in the municipality has reduced. In 2001 the following schools were functioning: two primary schools in Pokój and Domaradz, a gymnasium (middle school) in Pokój, a vocational school which is a branch institution of the school in Namysłów. There are 5 kindergartens in the municipality and this number has not changed since 1995.

There is little investment within the municipality. The development of sites set aside for investment is not financially viable. There is neither any gas supply nor sewage system, which also restrains economic development. The largest investments are funded by the municipality's own financial resources and money gained from other sources than the budget (grants, subsidies).

Since the municipality's economic activity is inefficient, its income is not large and its investment plans will not improve present conditions.

The expenses of the commune include providing education, maintaining roads and municipality property, so little money is left for investment.

2. Restrictions on business activity in Stobrawa Regional Park

Business activities in the regional park area should be run in accordance with the bases of nature and landscape conservation, as well as with the rules of sustainable development. Forestry, integrated agriculture and agritourism are preferred forms of business.

The restrictions in the Stobrawa Landscape Park are as follows:

1) bans on:

- a) throwing out, burying and pouring out rubbish or other waste; other excessive contamination of water, soil and air;
- b) building or extension of edifices, devices or installations particularly dangerous to the environment or essentially violating the value of the natural environment;
- c) violating the geological structure and morphology of the area; moving natural formations found on the ground or glacial phenomena, i.e. dunes, erratic blocks of stone;
- d) picking of Roman snails (*Helix pomatia*) for consumption or trading purposes;

2) restrictions on:

- a) redirecting water systems, regulating rivers and streams in a manner violating the natural environment;
- b) running any industrial activity;
- c) building and developing transportation lines and routes;
- d) gathering trees and other plants, including medicinal plants and those which protect the shores of bodies of water;
- e) damaging and picking plants recognised as rare or in danger of extinction in the area of the Opole voivodship.

Permits for business activity, which may affect the conditions of the Landscape Park, are granted in accordance with separate regulations. They must be discussed with the manager of the Stobrawa Regional Park.

If the park manager or the governor of the province does not grant such a licence on the basis of the existing regulations, it is possible to demand compensation for the income lost.

These regulations may decrease the attractiveness of the municipality since they restrict business activity. For instance, the regulations con-

cerning violation of the natural environment may attribute to the reduction of mining in the area. These regulations may be interpreted arbitrarily, so it is difficult to define whether running business activity in the Stobrawa Regional Park is permitted or not. Potential investors want to invest in areas that meet ecological standards, but every restriction is treated as an obstacle to business activity and may be a decisive point in the choice of locating such activity. Taking these factors into consideration, we should discuss whether establishing the a regional park increases or decreases the attractiveness of the area. The conclusions are ambiguous. Obviously, the inhabitants of a municipality situated in the regional park area count on the development of ecological agriculture, the food-processing industry, timber-processing industry and agritourism.

3. Revenue of the municipality budget

The data in Table 1 show that the municipality revenue in the years 1995–2000 rose constantly. Its value in current prices increased from 3 million in 1995 to over 4 million in 1996 and to over 6.5 million Polish zloty in 2000. The most dynamic changes and the greatest increase in revenue took place between 1995 and 1997. In that period of time the nominal value of revenue rose by around 30% annually. The pace of these changes slowed down between 1998 and 2000 when revenue increased insignificantly.

Table 1. Execution of the budget by the municipal government in Pokój in the years 1995–2000

Year	Planned revenue	Planned expenditure	Realization of the planned budget		Actual values as a % of the planned values		Budget surplus (deficit)
			actual revenue	actual expenditure	revenue	expenditure	
1995	2931365	3137244	3000712	3128038	102.4	99.7	-127326
1996	4028731	4488953	4092440	4301688	101.6	95.8	-209248
1997	5090022	5268493	5510264	5154281	108.3	97.8	355983
1998	5696850	6438443	5668768	6387213	99.5	99.2	-718445
1999	5834330	5814472	5847684	5750767	100.2	98.9	96917
2000	6927507	6954826	6685193	6743814	96.5	97.0	-58621

The values shown are the values after the denomination of the Polish zloty in 1995 (in new zloty).

Source: author's own elaboration based on *Information Bulletins RIO [Biuletyny Informacyjne RIO]* in Opole published in 1995–2000.

As shown above, the revenue of the Pokój municipality rose constantly. Unfortunately, this is only true when calculating revenue in current prices. When we calculate the revenue with respect to prices in 1995, it turns out that revenue only increased in the period between 1995 and 1997. In the years 1998–1999 the real revenue decreased – in 1998 by about 10% and in 1999 by about 5% in relation to the previous year. An insignificant increase in revenue of 2.78% took place in 2000.

The data Table 2 present the structure and the participation of the main revenue groups in the Pokój municipality in relation to the revenue of rural municipalities in the Opole voivodship and to the revenue of all municipalities in Opole the voivodship. Their relationship reveals the level of financial independence in municipalities and, consequently, reveals pressure and interference exerted on local government by state administration. It turns out that the higher the level of financial independence is, the stronger the position for managing its area a local government has.

Table 2. The proportion of self-generated income in overall income in the Pokój municipality, rural municipalities and all municipalities in the Opole voivodship (%)

Type of commune	Years					
	1995	1996	1997	1998	1999	2000
Pokój municipality	32.13	30.49	34.02	25.10	38.56	33.30
Rural municipalities	46.59	36.53	31.30	32.02	51.46	47.31
All municipalities	48.63	39.39	36.54	35.29	56.34	54.34

Source: author's own elaboration based on *Information Bulletins RIO [Biuletyny Informacyjne RIO]* in Opole published in 1995–2000.

As shown above, the proportion of self-generated income in overall income in the Pokój municipality varied between 25.10% and 38.56%. This proportion was smaller than the proportion in rural municipalities in general and much smaller than in other municipalities in the Opole voivodship. The research reveals a negative situation regarding the low level of financial independence in the municipality and weak position of the Pokój municipality in relation to state administration.

In conclusion, the income in the Pokój municipality was of average level for the Opole voivodship. Real revenue was not stable and varied from year to year. The proportion of self-generated income in the revenue of the Pokój municipality is too small and outer interference is too strong. This situation causes limitations of freedom in administrating finances.

Incomes did not rise dynamically or continuously. Instead of continuously rising, incomes fell in some years. Consequently, the need for processes leading to dynamic, effective and permanent development of the municipal economy has not been fulfilled. Agriculture and forestry are the basis of the municipal economy and the economic crisis in these fields have induced this stagnation to a large extent. The Pokój municipality is still in a state of socio-economic crisis. Although the crisis is not deepening, there are no visible impulses favoring development.

4. Municipal budget expenditure

The level of budget expenditure is closely connected with the value of revenue and the plans realised. Municipal administration deals with all public matters which are not controlled by other units. The tasks carried out by local government may be divided into independent tasks of local authorities and tasks commissioned to local government by state authorities.

The budget expenditure in the Pokój municipality in the years 1995–2000 is presented in the Table 1. Expenditure in the Pokój municipality, as in other municipalities, depends on revenue, so any positive modifications in revenue are connected with positive changes in expenditure.

Expenditure in the given period generally grew with the exception of 1999 when nominal expenditure fell by 10%.

The largest increase in expenditure occurred between 1995 and 1996, while a decrease took place between 1998 and 1999. However, the tendency presented (the level of expenditure being 90%–142% of that in the previous year) is in nominal terms. When we calculate expenditure in relation to prices in 1995, the level of expenditure turns out to be 83%–111% of that in the previous year. The rise in expenditure never exceeded 11% and in 1999 it was visibly reduced.

Municipal budget expenditure includes current expenditure and capital expenditure. Current expenditure is related to the proper functioning of particular facilities that belong to the municipality and to carrying out the tasks of the municipality. Capital expenditure is connected with satisfying inhabitants' needs and contributing to the development of the municipality.

The desire of municipalities to invest is a result of local needs and the possibilities of satisfying them. Investment depends mainly on revenue. The present and future level of satisfaction of inhabitants' needs is based on capital expenditure, while the present functioning of the municipality depends on current expenditure. The proportions of these two

groups of expenditure are conditioned by the category and the general character of the municipality, as well as by the range of public expenditure. The main aim of local authorities is to maintain the existing state of the municipality and provide for its own infrastructure. Only after achievement of this aim, the remaining resources can be spent on the development of the municipality.

It can be noticed that capital expenditure is being reduced in favour of current expenditure. In 1995 and 1996 capital expenditure amounted to 20% of all expenditure while in 1999 it amounted to 4% and to 8% in 2000.

Table 3. The budget expenditure of the Pokój municipality between 1995 and 2000 (calculated in Polish zloty) and its division

Specified expenditure	Years					
	1995	1996	1997	1998	1999	2000
All expenditures including:	3128038	4301688	5154281	6387213	5750767	6743814
– current expenditure	2451905	3377621	4566543	5570619	5509807	6190821
– capital expenditure	676133	924067	587738	816594	240960	552993
All expenditures (%)	100.0	100.0	100.0	100.0	100.0	100.0
– current expenditure (%)	78.4	78.5	88.6	87.2	95.8	91.8
– capital expenditure (%)	21.6	21.5	11.4	12.8	4.2	8.2

Source: author's own elaboration based on *Information Bulletins RIO [Biuletyny Informacyjne RIO]* in Opole published in 1995–2000.

The main part of capital expenditure in 1995 was allocated to housing (95.56%) and in the years 1996–1998 for municipal purposes (relatively: 95.72%; 79.99%; 93.04%). A smaller part was spent on schooling, education and administration. Most money was spent on municipal administration. This includes public services and is the main task of municipal authorities. Consequently, a large amount of money must be allocated to current and capital expenditure in this field. These financial means are spent on: keeping the area clean, nature conservation, road and street maintenance, water supply, the sewage system, sewage treatment, land-fill sites and recycling.

Providing enough money for the needs of municipal administration is necessary for effective task fulfilment and for the socio-economical development of the municipality. Capital expenditure allocated to the expansion of municipal infrastructure is especially important for municipal development. The establishment of a definite improvement in municipal

infrastructure and communal housing requires much greater financial resources than a municipality can offer. The development of municipal infrastructure may be a decisive factor in future decisions concerning the attractiveness of an area to potential investors.

In conclusion, the revenue and expenditure of the Pokój municipality have a slight upward trend (calculated in real terms). Taking into consideration the rural character of the community, the revenue was not small. However, the reason for this was not self-generated income, but numerous grants and subventions. The revenue and expenditure trend was not regular, which led to alternations between budget deficits and surpluses. These tendencies in budget expenditure were unfavourable, *i.e.* capital expenditure decreased and current expenditure increased.

5. Chances for and menaces to the development of the Pokój municipality

The research on the external and internal conditioning of the Pokój municipality has enabled the identification of chances and menaces to its development.

Chances for the development of the Pokój municipality

External conditioning:

- the opportunity to use supportive means from the European Union,
- lowering of interest rates on credit – the opportunity to invest.

Internal conditioning:

- efficient road system for transportation,
- appropriate state of natural environment, its numerous advantages and resources,
- installation of water mains,
- considerable human potential,
- supply of economic capacity in the food-processing industry,
- access to areas for potential investments,
- availability of location for potential investors,
- help from neighbouring municipalities to use environmental attractiveness in the development of their own municipality (establishment of a union of municipalities),
- opportunity to use environmental advantages of the established Stobrawa Regional Park,
- close location of potential markets (voivodship city, local district town),

Menaces to the development of the Pokój municipality

External conditioning:

- decline in economic development,

- reduction of purchasing power, changes in society's consumption preferences,
- decline of foreign investments in Poland,
- the introduction of certain state reforms and their high costs,
- dissatisfaction observed in the agriculture sector,
- weaker support of agriculture and food economy,
- decreasing number of small and medium-sized enterprises,
- unbalanced state of public finances,
- new duties imposed on local authorities without financial protection,
- unfavourable fiscal policy of the state,
- poor development of services and lack of funds in multifunctional rural areas,
- unfavourable housing policy of the state,
- decline in public safety and increasing pathology in society,
- ineffective financial support from the state budget for social infrastructure,
- continuous growth of society's expenditure on education and health care,
- insufficient stimulation of the food processing industry in the voivodship,
- low population growth rate, ageing society,
- high unemployment rate, many inhabitants are suffering from poverty,
- migration of educated youth to bigger cities.

Internal conditioning:

- danger of structural unemployment,
- low population growth rate, ageing society,
- emigration to Germany for work reasons,
- insufficiently equipped technical infrastructure,
- limited interest in the municipality from investors.

6. Conclusions

The advantages of the municipality encourages investment in the fields of tourism, agriculture, fishing and timber-processing. Infrastructure, management and social features are an obstacle to the development of these economic sectors and are a menace to the general development of the municipality.

However, investment, education and management should not harm the natural environment. It is very difficult to combine economic development and environmental protection. Many investments (e.g. water supply, sewage system, sewage treatment plant, road improvements and

further development of the transportation system) entail the necessity of interference in the environment, although it is one of the fundamental advantages of the area. Such interference is possible but it involves exceptional care for the natural environment in all stages of the realization of a planned investment. Control over investments' effects on the environment and biological diversity is essential. Without such control and efficient counteraction the environment, as the fundamental value conditioning the municipality's development, is likely to be damaged.

Unions of municipalities should be established to co-ordinate the development of housing, tourist infrastructure etc. The reason for the problems with gathering financial means necessary for such investments is a lack of revenue. Unions of municipalities, established for particular projects, may help to collect financial means such as credit for investments. Moreover, such unions have a much greater chance of collecting means from foreign programmes. Large programmes that take into account problems of the whole region are more likely to be executed than local programmes including only one municipality. An example of such a union in the Opole voivodship is *Trias Opolski*, which is applying for additional means from the ISPA programme to build sewage systems and sewage treatment plants in 22 municipalities of the Opole and Silesia voivodships. The finances required for joining the programme constitute less than 50% of the investment costs. Therefore, such programmes can be a considerable support for investments conducted in co-operation with other administrative units. Another way of using the programmes are euroregions established to solve problems common to geographical and cultural regions.

Literature

Information Bulletins RIO [Biuletyny Informacyjne RIO], Opole, for the years 1995–2000.