



**TWG2 – Analysis of programme management framework and
projects**

ANNEX No 1 - Questionnaire enquires in 6 regions

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Connecting Rural Europe

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1 Introduction and context

As already documented in the Step 2 report of TWG2, rural and structural development programmes implemented in the EU directly affect the linkages between agriculture and the rest of the economy.

Since these development policy initiatives are designed and implemented by, and through, a wide range of national, regional and local institutions, the outcomes can depend significantly on their capacity to design clear and coherent policy strategic paths, and on their competence to coordinate and efficiently implement development strategies that promote competitive, sustainable and synergistic forms of rural economic activity.

In this context, this report analyses the development policy instruments that are available and used in selected EU rural regions, and seeks to assess their competence in terms of creating interaction and synergy between agriculture and the rest of the rural economy.

The focus of the assessment is on the current programming period (2007-2013) while taking account of previous programming experience. Primary attention is given to the EU Rural Development support (EAFRD). However, the significance of other EU funded programmes, national, regional and local programmes is also identified and their synergies and complementarities assessed.

Emphasis is placed on the identification of specific measures that support integration, any observable patterns which support this aim, and any bottlenecks that hinder it. In this context, a particular effort is also made to distinguish the relative importance of the effectiveness of policy design, and the institutional competence of the authorities involved.

Findings from this analysis aim to support the development of guidelines for improving the effectiveness and efficiency of rural development measures so as to better support and strengthen linkages between agriculture and the wider rural economy.

The results presented here are based on a questionnaire on 'Agriculture and rural development programmes, measures and projects' completed for six selected EU NUTS 3 regions. These regions represent different economic structures and conditions in the EU and are:

- *Matera* (IT), *Gers* (FR) and *Trikala* (GR) in the South
- *Gwynedd* (UK) and *Kalmar Jan* (SE) in the North
- *Somogy* (HU) in the EU-12

The questionnaire used addressed the following points:

- The strategic framework and linkages (NSP)
- The RDP programme framework and linkages
- The specific RDP measures
- The consistency between the strategic framework, programme and measures, and extent to which they are linked to, and complementary with, other programmes
- The institutional framework and linkages
- Other factors deemed to be important for the overall effectiveness of support programmes and their implementation in the specific region

Case studies and examples of projects are concurrently being assembled to illustrate findings and assessments, and similar enquires have been launched in some of the other 18 regions in order to expand the evidence base.

2 Assessing strategic framework and linkages

This section aims at presenting the strategic policy framework in the six areas in which policies, programmes and measures are developed, and to assess its focus and contribution on the creation of interaction and synergy between agricultural and non-agricultural businesses within each rural economy.

Within this context, there is a screening of both the area-specific National Strategy Plans (NSP) for rural development and other EU or/and nationally funded programmes. Further, explicit or/and implicit references on links between agriculture and the wider rural economy are identified, and classified as problems, needs, or opportunities.

2.1 Main findings regarding National Strategic Plans

In terms of the NSP references on problems, needs and opportunities to enhance links between agriculture and the wider rural economy, the main findings are as follows:-

- In the case of *Matera*, there seems to be a satisfactory identification of the importance of links between agriculture and the wider rural economy in the strategic framework for rural development. The relevant NSP identifies several opportunities and needs associated with the promotion of these links, while there is also a good balance between explicit and implicit references. Another satisfactory observation is the multidimensional character of these references, which deal with both the micro (enterprise development) and macro (conditions) levels as well as with all the segments (primary sectors, environment, non-farm activities) of the rural economy.
- In *Gers*, the relevant NSP identifies a lower (compared to Matera) number of references concerning the links between agriculture and the rest of the rural economy. All these extracts are associated with opportunities and they are mostly explicit. Also, there is a good balance between farm and off-farm activities both being the focal point of policy efforts aiming to enhance these links and a good focus on the determinants of identified opportunities.
- In *Trikala*, the NSP includes several references on the links between agriculture and the wider rural economy. These are both explicit and implicit and mostly associated with needs. There are also some extracts on opportunities but these seem to be mostly implicit. Also, there is a clear lack of identification of determinant factors which might strengthen (or hinder) these links, this being a possible indication of a vague strategic focus.
- NSP extracts in *Kalmar Jan* are very few and mostly implicit, as only two needs and one opportunity are identified. Further, references are of a rather post-productive nature as they mostly concentrate on the environmental, recreational and cultural aspects associated with agricultural activity.
- References associated with *Gwynedd* are also few, while there is a good balance between those of an explicit and implicit "nature". References identify both opportunities and needs and (as rather expected in a British context) emphasize on promoting business innovation, ventures and supply chain efficiency.
- Finally, in the case of *Somogy*, NSP references are fewer compared to Matera, Gers and Trikala. There is a good balance between identified opportunities and needs. Identified needs are mostly of an explicit nature, while identified opportunities are very implicit. References

mostly deal with farm diversification and (in a much lesser extent) with off-farm diversification and the environment.

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2.2 Main findings regarding coherence with other EU or national programmes

As far as references on other EU or nationally funded programmes are concerned, findings show that:-

- In the case of *Matera* there seems to be a satisfactory strategic coherence between the NSP and national/regional strategic documents. The latter are concentrating on development action on infrastructure, research, training and logistics; however, according to these documents, one of the explicit aims of this action is to encourage innovation, competitiveness and job creation in the agri-food sector.
- In the case of *Gers* references are very few also. However, the most important reference concerns the interaction between RDP and ERDF action and clearly indicates the aim of promoting development action in a synergistic manner.
- In *Trikala* there are three rather explicit references in the National Strategic Reference Framework 2007-2013, expressing needs for enhancing links between agriculture and the rest of the economy.
- In the case of *Kalmar Ian* only one, somewhat vague, reference is identified.
- No such references are identified in the case of *Gwynedd*.
- Finally, there are very few references in the case of *Somogy*, mostly associated with (potential) links between agriculture and tourism.

2.3 Main findings regarding the overall contribution of all programmes

As regards the focus and contribution of the NSP and other programmes to the creation of interaction between agriculture and the rest of the economy, the main findings can be summarised as follows:-

- In general, the links between agriculture and the wider rural economy are addressed to some extent in the NSPs associated with the six areas. However, the emphasis on this issue differs amongst the six areas, with the promotion of links seen as an important strategic aim in some areas (*Matera*, *Gers*, *Trikala*) but much less so in others (*Kalmar Ian*, *Gwynedd*, *Somogy*).
- National strategic documents mostly highlight the enhancement of these links as an opportunity or/and need. However, the links are sometimes more implicit than explicit.
- Study areas with a tradition of decentralized policy design and delivery seem to be more targeted and explicit references to the identification of opportunities and needs related to the enhancement of these links - a clear indication of strategic competence.
- The extent to which these links are made with rural development policies more generally seem to be related to local economic structures and development contexts.
- More developed areas with a well-structured local policy design and implementation framework seem to have a more coherent strategic environment as demonstrated by

references in other EU and national programme strategic documents to the issue of the needs/opportunities to enhance links between agriculture and the wider rural economy.

3 Assessing rural development programming framework and linkages

This section identifies explicit or implicit references to the enhancement of links between agriculture and the wider economy in the Rural Development Programmes (RDP) of those six areas. Within this context, there is a screening of RDPs (overall and at the level of Axes) and explicit or/and implicit references on links between agriculture and the wider rural economy are identified and classified as i) problems; ii) needs; and iii) opportunities.

3.1 Main findings regarding the Rural Development programmes

Main findings of this screening are as follows:-

- The RDP associated with *Matera* (RDP for the Basilicata Region) includes several explicit general references to the needs and opportunities to enhance links between agriculture and the wider rural economy. Furthermore, these references are embodied into a coherent strategic framework with specific and rather targeted policy objectives. In terms of RDP Axes, references seem to concentrate mostly on Axis 1 and secondarily on Axis 3.
- In the case of *Gers*, references in the overall RDP are rather few but, as in the case of the NSP, they are mostly explicit. In terms of RDP Axes, there are again very few references, mostly concentrating on the need to enhance links between agricultural and non-agricultural businesses. As in *Matera*, the emphasis is mostly on Axis 1, but there is also a very explicit reference associated with Axis 3 on the need for promoting rural economic diversification.
- In *Trikala*, the implicit references on the links between agriculture and the wider rural economy in the NSP become quite explicit in the RDP. Most references relate to Axis 1, which is to be expected since most policy actions on the competitiveness of agriculture and food processing are dealt with under this Axis. References under Axes 2 and (rather surprising) 3 and 4 are few, but generally explicit.
- As in the case of the NSP, RDP extracts in *Kalmar Ian* are few and rather vague. Most references relate to the need to enhance links between agriculture, forestry and natural resources.
- In *Gwynedd*, explicit references concentrate on Axes 2, 3 and 4 (which together account for nearly 90% of RDP funds in Wales). The promotion of diversification appears to be the main policy target, and the need to enhance links between agriculture and the rest of the economy is seen as an important tool towards this end. This view is supported by the evidence that several projects are associated with the two local Leader partnerships.
- Finally, in the case of *Somogy*, there are several explicit references in Axis 1 of the RDP, identifying mostly needs and secondarily, opportunities and problems. References under Axes 2 and 4 are fewer although explicit, while several references on the needs and opportunities of such links are associated with Axis 3.

3.2 Main findings regarding the focus and contribution of the rural development programmes

With regard to the focus and contribution of the RDPs in developing the interaction between agriculture and the rest of the economy, the main findings are as follows:-

- References to the need to promote links between agriculture and the wider rural economy are an important element of RDPs in most of these six areas. In general, implicit references in the NSPs have now become much more explicit.
- However, the incorporation of this objective in a coherent strategic framework is the exception rather than the rule, and it is rare to find a reference that clearly explains the contribution that re-enforced links between agriculture and the rest of the economy can make to the RDP main objectives.
- The extent to which the importance of these links to RD policy seems to be related to, and reflected in, the distribution of RDP funds across the four Axes.

4 Assessing RDP measures

This section aims to screen the RDP measures involved in each of the six study areas in order to see if they explicitly or implicitly support the enhancement of links between agriculture and the wider economy.

4.1 Main findings regarding rural development programme measures

The main findings of this screening are as follows:-

- There seem to be several RDP measures in the regions covered that support the enhancement of links between agriculture and the wider rural economy. The number of such measures range from 12 in *Gers* to 19 in *Trikala*, *Somogy* and *Matera*. *Gwynedd* appears to be an exception, although several measures are identified, especially in Axis 1, which could support the links.
- Most of the RDP measures that support the enhancement of links are in Axis 1 although this role is mostly filled in *Kalmar Jan* and *Somogy* by Axis 3 measures.
- As possibly expected, Axis 3 and Leader include a number of measures supporting the enhancement of the links between farming and the rest of the economy.
- The measures that seem most likely to support the enhancement of these links include: vocational training (111), the modernisation of agricultural holdings (121), adding value to agricultural and forestry products (123), infrastructure related to agriculture and forestry (125), agri-environmental payments (214) and almost all measures of Axes 3 and 4.
- The identification of Axis 1 as the most 'popular' tool for enhancing the links is not always reflected in financial expenditure (for example, in three of the areas covered, most RDP funds are directed towards Axis 2). However, this can also be attributed to the larger number of measures in Axis 1 compared to those on Axes 2, 3 and 4, on top of the policy perception that the improvement in the competitiveness of farming is the most important 'determinant' of rural economic diversification (which in turn, generates higher local 'benefits' if based on synergistic forms of economic activity).

5 Assessing consistency between strategic objectives

Based on the evidence presented above, this section seeks to:-

- Assess the overall consistency between the strategic framework (NSP), the RDP, and the choice of RDP measures specific to each of the six study areas, based on the degree of consistency between references in the relevant documents. In other words, the aim is to assess the consistency with which references to such linkages appear in the three documents.
- Investigate the degree of complementarity between the three RDP documents and other EU or nationally-funded programmes, in terms, not just of referring to such linkages, but of providing support for the enhancement of such linkages.

5.1 Main findings on consistency

In terms of the first objective - consistency between the strategic objectives of the NSP, the RDP program and measures - the main findings are as follows:-

- In *Matera*, there appears to be consistency regarding linkages, with a coherent strategic framework and specific and rather targeted policy objectives in place. The RDP strategy foresees a strong synergy between RDP Axes and measures, aimed at the diversification of rural economic activity (through the promotion of complementary and competitive economic activities) and the improvement of services to the rural population.
- In more detail, in Axis 1, the four NSP priorities: on business modernisation and innovation; the development of high-quality products; the improvement of infrastructure; and the development of entrepreneurial capacity, are served by four specific RD policy lines and relevant RDP measures - all of which, in turn, support the links between agriculture and the rest of the economy.
- Axis 2 includes a smaller number of measures aimed at increasing these links, while serving the core policy objectives specified in both the NSP and RDP. Similarly all the Axis 3 measures intended to enhance such links are highly consistent with NSP and RDP core objectives and EU policy orientations (creation of job opportunities and conditions for growth).
- Finally, the Leader approach (Axis 4) aims to develop innovative approaches that link agriculture with the rest of the economy, and contribute to economic diversification by upgrading local planning capacity and recognising the real value of endogenous resources (both NSP/RDP objectives).
- In *Gers* there is a high degree of consistency in the extent to which the need to enhance the links between agriculture and the wider rural economy is recognised in the NSP, RDP and relevant measures. Undoubtedly, the existence of the hexagonal program on the development of French areas plays an important role to this end.
- References on the need to enhance these links may be fewer than in some other areas, but they are explicit and well-documented in terms of their significance, impacts and (more important) influence on development goals. This pattern is consistently repeated in RDP and measures.

- In *Trikala*, texts concerning the links between agriculture and the wider rural economy are consistent between the NSP and the RDP. In more detail, NSP thematic extracts on the important relationship also appear in the RDP, with the exception of 325 (which appears only in the RDP) and 323 (which appears only in NSP). Also, as already noted, the RDP references are more explicit compared to those of the NSP, this being a rather satisfactory observation. On the other hand, it is worth noting the emphasis of the NSP on measures such as 123 and those of Axis 3.
- On the other hand, when the measures applied and their role in relation to the links between agriculture and the wider rural economy are assessed, then the consistency between these measures, the NSP and the RDP leaves a lot to be desired. While some 19 measures with a direct or indirect capacity to influence these links have been identified by the research team, only 10 of these measures have been identified to have such a capacity by the Greek authorities – a finding that could be attributed to a lack of a coherent strategic focus.
- In *Kalmar Jan*, the three documents associated with RDP have the same overall policy-objective, to promote sustainable development; thus the strategic orientations seem to be fully consistent. On the other hand, when comparing the orientation of the references to the need to enhance the links between agriculture and the wider rural economy, there seems to be an inconsistency between the strategic policy aims (which mostly concentrate on influencing these links through Axis 2) and the measures available (where Axis 3 is mainly used to this end).
- The same type of inconsistency problem is also apparent in the case of *Gwynedd*. In both the NSP and RDP, the enhancement of links between agriculture and the rest of the rural economy is promoted through Axes 2, 3 and 4. However, the majority of measures aiming at this end are specific to Axis 1. It should also be noted that, even though Axis 2 accounts for 75% of RDP funds in Wales, only two Axis 2 measures can be credibly identified as able to serve the aim of higher links between agriculture and rural development.
- As far as *Somogy* is concerned, there seems to be an inconsistency between the NSP, on one hand, and the RDP and measures, on the other. According to the NSP document, the need to enhance links between agriculture and the wider rural economy is to be mostly pursued through efforts to increase on-farm diversification. However, at the programming level, Axis 3 appears to have an important role to play towards this end - a shift of emphasis that may be partly attributed to political pressures and criticism that Axis 1 and 2 expenditures mostly benefit larger farms and (relatively affluent) entrepreneurs.

5.2 Main findings on complementarity

In terms of the second objective - complementarity between the three RDP documents and other EU or nationally-funded programmes, in serving the need to enhance these links - the main findings are as follows:-

- Consistent with the findings presented in section 2, there appears to be a very satisfactory level of complementarity between the RDP and other EU-funded programmes that are active in *Matera*. The strategic priorities set for the (wider) area 'pass through' an attempt to achieve synergy and complementarity between RDP and other Structural Funds (mainly ERDF, ESF). The main lines of this synergy include communication networks, the development of the agri-food sector in the production chain, research, renewable energy and

infrastructure. Also, training activities promoted by the EAFRD and ESF are coordinated in order to improve skills in both farm and non-farm sectors.

- In *Gers*, three EU and nationally-funded programmes include references to the need to enhance the links between farming and the wider rural economy. Relevant extracts refer to multi-sectoral local products (ERDF), quality products (General Council Agricultural Policy) and farm forestry – biomass production (Agenda 21 of the Gers General Council).
- As far as *Trikala* are concerned, the enhancement of links between agriculture and the wider rural economy appears to be of little or no concern to Greek policy makers. In only four out of a possible twelve Operational Programmes is there a reference (very marginal and rather vague) to this issue, and there is no reference at all in the important National Development Law (L. 3299/2004).
- This is unfortunate given the overall importance of agriculture in the country (especially in some regions) and the fact that weak links with activities such as food processing and tourism restrict its development potential. This shortcoming is attributed to a lack of understanding of the importance of the issue, and the lack of a coherence strategic framework, with respect to development strategies and programmes financed by different EU funds.
- In *Kalmar Ian*, two references are identified, associated with Local Development Programmes: on commercial services and entrepreneurship. The latter program includes development actions that are often coordinated with Leader.
- In *Gwynedd*, there seems to be a complementarity between RDP action to enhance the links between agriculture and the wider rural economy, and programmes such as the Single Investment Funds (which provides support to businesses in Wales) and further education activities pursued by a division of the Welsh Assembly Government. However, there may also be overlaps associated with these different initiatives.
- Finally, as in the case of the NSRF, there are few references on links between agriculture and the wider rural economy in other development programmes active in *Somogy*. Those found concern the South Transdanubia Regional Development Program and, in particular, its Tourism priorities (which aims at increasing linkages between tourism and the rest of the economy) and its Infrastructure priorities.

To summarize, despite various inconsistencies observed between the NSP, RDP and RD measures in some areas, it seems that the need to create synergy and interaction between agriculture and the wider rural economy is being addressed in the policy documentation that is being produced at these three levels. On the other hand, the need to promote such synergies appears to have been taken into account only very marginally in other EU or nationally-funded programmes.

6 An assessment of the institutional frameworks and linkages

The objective of this section is to provide an assessment of the effectiveness of the institutional framework in each of the six study areas and, more specifically, the effect of the distribution of responsibilities between institutions, in terms of their impact on the promotion of greater interaction and synergy between agricultural and non-agricultural businesses in the rural economy.

In doing this, the report seeks to take account of:

- the responsibilities of different authorities engaged in CAP Pillar 1 and 2 support, rural enterprise support, agricultural extension/farm advisory services, and other local development initiatives;
- the existence of conflicts of interest between institutions (local, regional, national) and the presence, or not, of administrative arrangements aimed at overcoming any such conflicts;
- any taxation incentives or disincentives to the promotion of agricultural diversification;
- any other administrative or institutional constraints that (potentially) hinder the enhancement of links between agriculture and the wider rural economy.

6.1 Main findings in terms of institutional responsibilities

In terms of the responsibilities of the various authorities involved in rural policy, the main findings are as follows:-

- The institutional map with respect to rural policy in *Matera* seems very straightforward; it includes: a National Paying Agency (AGEA) which sets out the rules and coordinates CAP payments (both Pillars); a regional payments agency for Basilicata (ARBEA), responsible for authorising, executing and accounting CAP payments; the Managing Authority of the Basilicata RDP and LAGs who are responsible for implementing Axis 4. As with the strategic policy-framework, this institutional framework appears effective and well-coordinated, based on simple, clearly-defined, and decentralized responsibilities.
- In France, Pillar 1 and 2 policies are designed, implemented and monitored first at the national level (Ministry of Agriculture and Fisheries) and second, at the regional level, through regional and departmental Directorates for Agriculture and Food. Regional Councils are active in monitoring developments in agriculture and the rural economy and in co-financing the regional component of Pillar 2.
- In the case of *Gers*, the Midi-Pyrenees Regional Council promotes development action in ways that seem to emphasize the need to enhance links between agriculture and the rest of the rural economy. Also, there is a national payments agency for both Pillars 1 and 2, while the local Chamber of Agriculture is responsible for providing advice, training and technical assistance to farmers. Finally, four LAGs are responsible for Axis 4. As in the case of *Matera*, the system seems efficient, straightforward, and well-coordinated.
- In *Trikala* the rural policy institutional arrangements involve numerous administrative bodies. OPEKEPE is the national payments agency specific to EAFRD funds. The design of Pillar 2 programmes is the responsibility of the Ministry of Rural Development and Food, while the implementation of programmes and projects is shared between the Ministry, the Prefectural Administration of Trikala, and the local LAG (the latter for Axis 4).

- On top of this, the Centre for Entrepreneurial and Technological Development is active in support of rural entrepreneurship, mostly through 'soft' actions, while the Prefectural Administration supervises agricultural extension and farm advisory services. Finally, the National Operational Programme for Competitiveness and Entrepreneurship and the Regional Operational Programme for Thessaly, Central Greece and Epirus promote development actions associated with the establishment of enterprises, infrastructure, environmental protection, etc. The effectiveness of this complex system is generally considered to be low, with poorly defined areas of responsibility, overlapping activities, and limited coordination.
- In *Kalmar Ian* the rural policy institutional arrangements also seems complex. There are institutions responsible for the implementation of the CAP at both the national (Board of Agriculture) and regional (County Administrative Board) levels, with the latter being also responsible for rural enterprise support. Policy areas such as forestry funding are managed by the Board of Forestry. In terms of rural enterprise support, County Councils are also active in both the programming and operational levels. The Ministry of Agriculture supervises agricultural extension, which is also provided by farmers unions. Non-farm business support is pursued by two agencies and local action groups are also involved in the encouragement of local engagement and networking.
- In contrast to Greece, the level of effectiveness of these institutional arrangements seems reasonably satisfactory, despite their complexity. Nevertheless, this complicated 'map' raises doubts and reservations regarding the extent to which there is effective policy co-ordination, especially between the RDP and other programmes.
- The institutional framework in *Gwynedd* seems to be simple, effective and well-coordinated. The Welsh Assembly Government is responsible for Pillar 1 and 2 and also for rural enterprise support and farm extension. Also, the management of different types of specific projects is devolved in appropriate ways to local authorities, statutory bodies and NGOs, reflecting their respective interests and responsibilities.
- As regards *Somogy*, the Ministry of Agriculture and Rural Development is the implementing body for Pillar 1 and 2, with one payments agency (MVH) for both CAP Pillars. Several institutions are responsible for agricultural extension and farm advisory systems, and LAGs and local RD agencies are active in local initiatives mostly specific to Axis 4. It is also worth noting that LAGs have recently started to act as local representatives of MVH. Concerns are expressed about the effectiveness of this system, particularly with respect to the apparently highly centralised management of projects, delays in project evaluation and payments, and poorly defined responsibilities of different bodies.

6.2 Overall assessment

Summarising the above findings, the institutional 'map' associated with rural policy domains varies considerably amongst the six case study areas. In general it seems that simple institutional structures with clearly designated responsibilities are associated with better defined strategic policy frameworks, as well as higher levels of effectiveness and coordination. This applies not only between various RDP measures but also between RDP measures and measures of other EU or national programmes.

In terms of conflicts of interest between institutions (local, regional, national), such overlaps were identified in *Trikala*, *Kalmar Ian* and *Somogy*. Administrative arrangements aimed at overcoming such conflicts have been identified, but are judged to be far from convincing.

Taxation incentives to the promotion of agricultural diversification were found to exist only in *Gers*, while the special tax status of farmers in *Gwynedd* may discourage diversification.

More generally, administrative or institutional constraints that can hinder the enhancement of links between agriculture and the wider rural economy include such factors as:

- delays in programme implementation (*Matera, Trikala*);
- delays in financing and bureaucracy (*Trikala*);
- delays in project approval (*Trikala, Kalmar Ian*);
- shortage of personnel in institutions (*Gwynedd*);
- inappropriate targeting of actions in the case of diversification measures (*Somogy*).

7 Assessing other factors affecting programme implementation

This final section of this report briefly considers other factors that have been identified as influencing the effective implementation of programmes and projects, especially those intended to increase the interaction between agriculture and the rest of the rural economy.

Factors identified as negatively affecting the above include:

- delays in programme implementing procedures, including payments to beneficiaries (*Matera*);
- fragmentation of development action; poor targeting at the sub-sectoral level (*Trikala*).
- instability of farm-gate prices (*Gwynedd*);
- weaknesses in local capacity and entrepreneurship; limited involvement of local stakeholders in policy design and planning; lack of information on RDP measures (*Somogy*).

The only other factor that has been identified as positively affecting the interaction between agriculture and the rural economy is a contractual commitment between central and regional governments on the financing of projects that promote the enhancement of links between agricultural and non-agricultural businesses in the context of rural development (*Gers*).

7.1 Issues of capacity and performance

It has to be born in mind, however, that the capacity of different regions in different Member States to establish and operate effective management systems may also be affected by the overall level of economic performance, business efficiency, or the competence of state institutions.

On the other hand, it also seems that the extent to which agriculture is seen as important in policy terms also seems to have a significant effect, as reflected in the case study areas of France and Italy.

As regards the two case study areas with the lowest levels of employment in agriculture, the results differ somewhat. The Swedish example displays more complexity and less strategic purpose than might have been expected given the overall level of development of the country.

On the other hand, the Welsh (UK) example indicates the presence of an effective public sector bureaucracy which is experienced in managing public funds relating to economic development generally.