

Consultation



Llywodraeth Cymru
Welsh Government

A Framework for Regional Investment in Wales

Securing Wales' Future

Responses by 5 June 2020

Overview	<p>This public consultation sets out our thinking on the future of regional investment outside the European Union, developed working closely with our partners. It covers a set of proposals for investing replacement funding from the UK Government in a national framework that is underpinned by investments targeted and managed regionally. This will allow us to build on the successful legacy of Welsh-managed European funding programmes.</p>
How to respond	<p>We will be holding a number of events around Wales for different citizens, stakeholders and communities and will promote these widely. There will be opportunities to engage online and on social media too.</p> <p>There are a number of questions within this consultation document. You can submit responses to these and add your own comments by post or by email to our dedicated consultation mailbox (Framework.RegionalInvestmentInWales@gov.wales) – or you can respond via our online questionnaire.</p>
Further information and related documents	<p>Large print, Braille and alternative language versions of this document are available on request.</p> <p>The main consultation document, an easy-read version, consultation annexes, impact assessment, and response mechanisms are available on the consultation website: https://gov.wales/framework-for-regional-investment-in-wales</p> <p>Further documents related to the Welsh Government’s Regional Investment activity can be found here: https://gov.wales/regional-investment-wales-after-brexit https://gov.wales/regional-investment-for-wales-steering-group https://gov.wales/oecd-multi-level-governance-review-project-overview</p>
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General Data Protection Regulation (GDPR)

The Welsh Government will be data controller for any personal data you provide as part of your response to the consultation. Welsh Ministers have statutory powers they will rely on to process this personal data which will enable them to make informed decisions about how they exercise their public functions. Any response you send us will be seen in full by Welsh Government staff dealing with the issues which this consultation is about or planning future consultations. Where the Welsh Government undertakes further analysis of consultation responses then this work may be commissioned to be carried out by an accredited third party (e.g. a research organisation or a consultancy company). Any such work will only be undertaken under contract. Welsh Government's standard terms and conditions for such contracts set out strict requirements for the processing and safekeeping of personal data.

In order to show that the consultation was carried out properly, the Welsh Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. If you do not want your name or address published, please tell us this in writing when you send your response. We will then redact them before publishing.

You should also be aware of our responsibilities under Freedom of Information legislation.

If your details are published as part of the consultation response then these published reports will be retained indefinitely. Any of your data held otherwise by Welsh Government will be kept for no more than three years.

A Framework for Regional Investment in Wales

Our Commitments



Proposed Model for a Regional Investment Framework



What we want to achieve



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Ministerial Foreword



We have learned so much from our partnerships within Wales and with the European Union (EU). Since devolution began two decades ago, the Welsh Government has been working with partners to deliver successive EU funding programmes creating significant benefits for our businesses, people and communities across Wales.

It is the strength of this partnership, where the Welsh Government has come together directly with the private sector, research and academia, local authorities, the third sector and other public services, that is the real legacy of these programmes. Outside of the EU, it will provide a solid basis on which we will build and deliver a prosperous future for everyone in Wales. This will mean our partnerships will only get stronger and more inclusive.

In this consultation our national strategy *Prosperity for All and Well Being of Future Generations Act* are at the heart of our plans. Our

commitment for regional investment is to support growth and inclusiveness throughout Wales, with an emphasis on combining investment in people and places where it is needed.

I am grateful to all stakeholders for their commitment and work so far which have helped to inform this consultation. The Regional Investment for Wales Steering Group and technical working groups, comprising a wide range of sectors, are playing a key role in advising the Welsh Government about what has worked well and what can be done better for our long-term future. We are also drawing on what works in other countries by working with the Organisation for Economic Co-operation and Development.

Parts of Wales continue to face key structural economic weaknesses and there will be challenges for Wales associated with leaving the EU. We will no longer receive funding for regional economic development directly from the EU, but sustained investment is vital if we are to build on the progress made and continue to reduce the inequalities within the UK that persist. In addition to our structural challenges, the world is changing constantly and Wales needs to change with it. Crucially, we need investment so that we can respond to and maximise the opportunities offered within Wales, the UK and globally.

Since the referendum in 2016, we have repeatedly made the case to the UK Government for 'not a penny less, not a power lost', from leaving the EU, with our reasons for this clearly stated in *Securing Wales' Future* and the *Future of Regional Investment in Wales*. We continue to seek to work constructively with the UK Government on this very important agenda so that

the Welsh Government retains the autonomy, in line with our devolution settlement, to decide on how the funds promised by the UK Government will be spent in Wales.

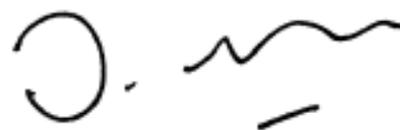
To translate regional economic policy into practice requires people on the ground, and the Welsh Government, working alongside partners, has the experience of 20 years of managing regional policy and regional funds. We have the capacity and a significant presence in every part of Wales to deliver investment effectively and we have strong, strategic and inclusive partnerships in place to build on so that together we are able to address challenges head on and capitalise on the opportunities of the future.

As some of the specific requirements associated with EU funding fall away, the future of regional investment presents us with the opportunity to work differently and develop new approaches over time, while retaining best practice.

To support growth and inclusiveness throughout Wales we propose a simplified and flexible framework focused on four broad investment priority areas covering business productivity, healthier and more sustainable communities, the zero-carbon economy, and reducing income inequalities for people. We are also committed to full integration between local, regional and national delivery approaches and outcomes. This includes providing greater delegation to regions and local areas as we believe they are best placed to determine their needs, opportunities and strengths and form new and dynamic partnerships which can innovate and link places and investments in fresh and imaginative ways.

Despite the UK leaving the EU, our commitment to Europe and European partners remains strong and unchanged. Our proposals also build on the benefits of working with partners in Europe and beyond to raise Wales' profile and help make us more competitive and well known internationally. The integration of equality, sustainability, gender mainstreaming and the Welsh Language will also be fundamental to our future approach.

We do not underestimate the huge challenge of cultural and governance changes and new ways of working that leaving the EU will bring. This consultation provides everyone with the opportunity to determine what approaches will work best for Wales. I take confidence in the wide-ranging support and expertise we have from partners and I look forward to hearing your views which will help us consider what and how we will deliver as Welsh Government over the coming years, including a new regional investment framework that can work for all parts of Wales.

A handwritten signature in black ink, consisting of a large 'J' followed by a series of wavy lines and a short horizontal stroke at the end.

Jeremy Miles AM
Counsel General and Brexit Minister

Context and Vision

For two decades the Welsh Government, in line with its devolved responsibilities for regional economic development, has delivered European Structural and Investment Fund programmes (hereafter European funding) in partnership to create significant benefits for communities, people and businesses across Wales. In our White Paper *Securing Wales' Future*¹ (January 2017) and in *Regional Investment for Wales after Brexit*² (December 2017) we set out the importance of continued devolved funding for regional investment of at least the level that Wales currently receives from the European Union (EU). We also highlighted the importance of partnership with stakeholders across Wales to develop a new framework for regionally-focused economic development post-Brexit that will address challenges and drive opportunities in Wales with creativity and ambition.

This public consultation sets out our thinking on the future of regional investment outside the EU, developed and informed by close working with our stakeholders. It covers a set of proposals for investing replacement funding from the UK Government to build on the successful legacy of Welsh-managed European funding programmes, while also recognising that we approach the future with new ideas and greater creativity. This will enable us to deliver even greater benefits across Wales, including rural areas, empowering regions to develop their own distinctive strengths and opportunities.

To achieve this, we propose developing a national framework that is underpinned by investments targeted and managed geographically. Our proposals are based on the evidence of what has worked well and lessons learned during 20 years of EU regional policy, and on fresh ideas and innovative proposals from our Regional Investment for Wales Steering Group³ and beyond.

Wales has undergone a rapid change in its recent history. Our vision is to build a more high-tech and high value modern economy which is diverse and inclusive. We want to achieve this by creating and sustaining a skilled workforce, ensuring fair work for people living throughout Wales, tackling poverty, and creating a more equal, prosperous and greener Wales.

At the heart of our plans is the future-focused *Well-being of Future Generations Act*⁴ so the actions we take will leave a lasting positive legacy for our people and communities in decades to come. To achieve our goals, through this public consultation we ask how we should decide and prioritise investments that can be delivered nationally, as well as how regions and local communities, through greater delegation, can best prioritise portfolios of inter-related investments for inclusive growth.

¹ <https://gov.wales/securing-wales-future>

² <https://gov.wales/regional-investment-wales-after-brexit>

³ <https://gov.wales/regional-investment-for-wales-steering-group>

⁴ <http://www.legislation.gov.uk/anaw/2015/2/contents/enacted> and <https://gov.wales/well-being-future-generations-wales-act-2015-guidance>

A strong international presence has never been more relevant as the UK leaves the EU, and our proposals also demonstrate the importance of cross-border and international working in our future investments. Our commitment to Europe and our European partners remains strong and unchanged, while we also recognise the need to project Wales even further to help make us more competitive globally. Our approach is rooted in our communities, shaped by our landscape and with real social purpose whilst being outward looking, open to new ideas and opportunities – and ready to compete on a global platform.

Our proposals set out how we can achieve better strategic alignment and value for money, recognising that there are significant benefits to be had by joining up investments with the range of funding streams that currently contribute to regional development, including UK-wide, private sector, and wider public sector funding.

In the development of a new framework for regional investment in Wales, we want to take this opportunity to integrate and simplify our delivery and governance arrangements across Government and with our partners, applying best practice from our experience of managing European funding and from international benchmarking, but reflecting significant opportunities to simplify administrative complexity and rules. In particular, we are seeking a more proportional and risk-based approach which retains the benefits of a clear and transparent rules-based framework, but stimulates opportunities for greater innovation and more private sector investment.

Our Proposals

Wales is a confident and forward-looking nation. We want to grow our economy by building on our strong capability in research and innovation, setting up, starting and growing businesses, delivering needed infrastructure and skills across the regions, increasing the pace of our transition to a zero-carbon economy, and doing this in a fair and inclusive way.

We propose, for this reason, that the future of **regional investment supports growth and inclusiveness** across Wales, with four broad investment priority areas covering:

- **Productive and competitive businesses**
- **Reducing the factors that lead to income inequality**
- **Supporting the transition to a zero-carbon economy**
- **Healthier, fairer, more sustainable communities**

We propose an approach which:

- **Focuses on delivering outcomes** to ensure that we maximise the return on our investments and help create the Wales we want to see, as set out in our Well-being of Future Generations Act.
- **Decentralises funding and decision-making** closer to the people they aim to benefit in all parts of Wales with regions prioritising portfolios of integrated interventions to deliver in partnership economic policy focused on people and places. We want to align with Welsh Government plans for greater regional collaboration including the potential vehicles of the proposed Corporate Joint Committees being taken forward by the Local Government and Elections (Wales) Bill⁵, and the Regional Economic Frameworks being co-designed by Chief Regional Officer teams with stakeholders in each region.
- **Integrates with our policies and wider opportunities for investments** in Wales, the UK and internationally, including City and Growth Deals.
- **Forms a single fund on a multi-annual basis**, where communities and partners across Wales can benefit from and propose activities that deliver local, regional, and national priorities.
- **Builds on the integration of equality, sustainable development and the Welsh Language** (called 'horizontal themes') in our investments.

⁵ <https://gov.wales/local-government-and-elections-wales-bill>

- **Encourages collaborative working across borders**, within and beyond Wales, to strengthen Wales' reputation as an outward looking, innovative nation.
- **Ensures regions and local areas have the necessary capability and capacity** to maximise the opportunities from regional economic investment.
- **Creates a simpler and more proportionate framework** that maintains our commitment to openness, fairness and transparency of investments.

Background

Through the UK's membership of the EU, Wales received more European funding than was paid into the EU (i.e. Wales was a net beneficiary). Delivered by the Welsh Government in partnership with local authorities, further and higher education, the private sector, third sector, and other public sector organisations, these funds delivered significant achievements. They created and safeguarded thousands of jobs and businesses, supported investments in infrastructure, research, innovation, and skills, helped the Welsh economy and labour market recover from industrial decline, and helped draw in wider public, private and third sector investment. With replacement funding from the UK Government, we want to build on what has worked well in the past and lessons learned so we can address Wales' long-term structural challenges, help reduce historic inequalities, and maximise the economic opportunities of the future.

What we want to achieve

To replace European funding in Wales we are proposing a new and flexible National Framework for regional economic investment which has our *Well-being of Future Generations Act* at its heart.

Our aim for this Framework is to deliver evidence-based and better targeted investments that will achieve real change by capturing the importance of place and people, together with a commitment to decentralise funding and decision-making closer to the people it aims to benefit.

While this commitment to regionalisation is the cornerstone of the Welsh Government's *Economic Action Plan*⁶, this framework for managing, co-ordinating and evaluating regional economic investments across Wales will also align with other policies for capitalising on growth and tackling poverty, including our *International Strategy*⁷, *National Development Framework*⁸, *the Wales Infrastructure Investment*

⁶ <https://gov.wales/prosperity-all-economic-action-plan>

⁷ <https://gov.wales/international-strategy-for-wales>

⁸ <https://gov.wales/national-development-framework>

Plan (WIIP)⁹, Employability Plan¹⁰, Sustainable Farming and Our Land¹¹ and Fair Work Wales¹².

We aim to deliver this Framework by:

- **Creating a single fund** that would reduce the administrative burden on organisations seeking to benefit from future regional investment funding and facilitate greater opportunities for joining up investments and activities.
- **Moving to a place-based approach** reflective of the regions and providing greater opportunities for integration with Welsh Government policies, as well as reflecting the interdependencies across borders, within the UK, and internationally.
- **Aligning investments with Welsh, UK and international best practice** on auditing, monitoring and evaluation to reduce bureaucracy for delivery partners.
- **Moving relevant decision-making and prioritisation to the regions and communities**, so that they are empowered to better develop their own distinctive strengths and opportunities, and create benefits that are closer to people and places.

Capitalising on opportunities to develop new and flexible ways of working outside the EU regulatory funding framework does not mean that we propose starting from a blank slate. There are key elements of previous funding arrangements which have proven to be beneficial which, based on feedback from our stakeholders, we want to keep and build upon. These are:

- **Multi-annual financing**, which provides longer-term investment planning certainty for organisations, and a greater focus on delivering outcomes.
- **Equality, human rights and protection of the environment**, which have been integrated into European-funded interventions over the last two decades, and are key to Welsh Government and wider Welsh public sector commitments.
- **Aligning investments with wider Welsh Government policy** to ensure better strategic join up and value for money.
- **Working collaboratively across the UK, Europe and internationally**, as the partnerships we create will help us find real solutions to shared challenges and ensure Wales remains an active and respected partner in Europe and internationally.

⁹ <https://gov.wales/infrastructure-investment>

¹⁰ <https://gov.wales/employability-plan>

¹¹ <https://gov.wales/revised-proposals-supporting-welsh-farmers-after-brexit>

¹² <https://gov.wales/fair-work-wales>

What would this mean in practice?

Our proposals would make it much easier in the future to join up priorities, activities and investments in a way that, under an EU regulatory framework, has sometimes proved difficult.

Our proposals would support regions and communities across Wales to develop longer-term plans that would seek, for example, to stimulate sectors of the regional economy with the potential to grow, while at the same time supporting businesses to expand and create jobs, provide people with the skills to do them, and address issues of how people can access those jobs.

Investments delivered regionally would be supported by national interventions, such as financial planning and investment in business support and skills, which could be adapted to the specific needs of the region and sector. It would also make it easier in the future for such activities and funding to link with other Welsh Government, public and private sector investments in areas such as transport, land use and development, environment and sustainability.

Any commitments on multi-annual financing will be made within the fiscal rules and take account of the financial context at the time.

How we want to get there

A unique Welsh context

Our policies and regional model in Wales are distinctive. Our innovative and world-leading *Well-being of Future Generations Act* is the cornerstone of Welsh Government policy. *Prosperity for All*¹³ sets out how we will deliver sustainable and inclusive growth which underpins the investment priority areas we are seeking to support through our National Framework.

We have structured our Framework around the design principles of the *Well-being of Future Generations Act* and the ways of working in the sustainable development principle for public bodies. These are: integration of objectives, collaboration between and within organisations, making decisions which don't sacrifice our ability to meet our needs in the long term, involvement of citizens in the decisions that involve them, and preventing problems occurring or worsening.

Our *Economic Action Plan*, which supports the shift to a place-based economic policy, also provides the direction of travel we want to take by working with each region to determine and drive its own sectors according to its strengths and opportunities.

Our goal is to enable innovation and creative solutions, with new and existing partners, to deliver our objectives using this investment. Where activities are already

¹³ <https://gov.wales/prosperity-all-national-strategy>

delivering against our joint objectives and are already in line with our principles, we do not want the new model to uproot those valuable investments.

Importance of partnership and an evidence-based policy

The proposals set out in this consultation have been developed in close partnership with stakeholders in a range of sectors across Wales. Our investment priority areas have a strong evidence-based focus that is driven by a clear logic to ensure that we achieve value for money and deliver the greatest impact for people, businesses, and communities across Wales.

The Regional Investment for Wales Steering Group, chaired by Huw Irranca-Davies AM, and comprising a wide range of stakeholders, including business, local government, academic institutions, trade unions, and the third sector, has met six times since January 2019 to assemble the significant evidence base, steer an extensive programme of stakeholder engagement, and develop this consultation. Four expert sub groups (National Framework, Implementation, Cross-border and International, and Monitoring and Evaluation) have also been meeting regularly since last summer to help inform the work, bringing together more than 100 stakeholders. (See Annex A for more details, which also includes web links to summary working papers drafted by the four expert sub groups.)

We have also been working closely since January 2019 with the internationally-renowned Organisation for Economic Co-operation and Development (OECD) to support our continuing ambition for benchmarking internationally after leaving the EU and to provide advice on future regional development and governance. The two-year project¹⁴ will be completed by the end of this year, with the feedback gained so far by the OECD from government and stakeholders across Wales also informing this consultation.

The **socio-economic analysis** we have produced (Annex B) sets out our evidence base for investment for each of the four investment priority areas outlined below.

Proposed model

Our goal is to create an effective place-based framework for investment across the regions of Wales to achieve inclusive growth, and bring decision-making closer to the people our investments aim to benefit.

We propose that we achieve this by:

- **Creating an agreed National Framework in Wales** building on the Well-being of Future Generations Act and covering four priority areas for investment (productive and competitive businesses, income equalities, a

¹⁴ <https://gov.wales/oecd-multi-level-governance-review-project-overview>

zero-carbon economy, and healthier, fairer, more sustainable communities).

- **Using Regional Economic Frameworks** co-designed with stakeholders in each region, which will incorporate existing local plans and regional investments including the City and Growth Deals.
- **Bringing forward local and regional investment proposals** aligned with those frameworks and **meeting our strategic objectives for the four investment priority areas.**
- **Supporting regional working with a national toolkit for governance**, developed by the OECD, and providing financial support to ensure the necessary capacity and capability at regional and local levels.

Through our proposals for a place and people-based framework, we want to empower communities of all kinds to co-produce innovative solutions to the challenges they experience. This would apply across Wales, in urban, rural, post-industrial and coastal areas, with monitoring and evaluation systems which are based on the achievement of intended outcomes over the long term.

Regionalisation means we need a body with the legal ability and the operating capacity to work at the regional level. In line with our commitment to integration with wider Welsh Government policy, potential vehicles to deliver greater collaboration at this level are the Corporate Joint Committees (CJCs), proposed in the recent Local Government and Elections (Wales) Bill, to be in place from April 2021 with powers for economic development. If they are to be the delivery vehicle, CJCs will need to reflect the requirements in the ongoing Social Partnerships (Wales) Bill¹⁵ and the commitments to stakeholder engagement such as those set out in the *Well-being of Future Generations (Wales) Act*. Any future model for delivery will continue to have a strong commitment to strategic, strong and inclusive partnerships with all our stakeholders across the public, private and third sectors. Priorities for investment will be identified at regional level by the Regional Economic Frameworks currently being co-designed with stakeholders in each region, aligned with City Deals or Growth Deals.

The National Framework will be the bedrock of this process, by bringing the mix of national, regional and local approaches to work together and setting out a shared set of outcomes across the four investment priority areas with relevant performance indicators and targets to measure success. It will draw on the Results-Based Accountability model (RBA) as part of our commitment to deliver investments which are more focused on outcomes than on outputs.

¹⁵ <https://gov.wales/more-equal-wales-strengthening-social-partnership-white-paper>

A collaborative approach between national, regional, local and community stakeholders

We want to create a new model for investment which is focused on people and places, and is flexible so we can be creative and ambitious with our goals and adapt and respond to opportunities at local, regional, national, UK and international levels.

To achieve this, we want to develop innovative, joined-up solutions to challenges and opportunities through a collaborative approach between our national, regional, local and community stakeholders. Our approach places responsibility for some investment decisions closer to the people and places involved.

Some aspects of investment will need to be retained at a national level to benefit from economies of scale or to take advantage of specific technical expertise, not necessarily replicated across all regions. Key examples include national transport infrastructure, broadband, financial instruments, entrepreneurship and business support, and our employability and skills interventions such as apprenticeships.

We also propose some development activity (see summary working paper)¹⁶ be led by the community in which the activity takes place, with communication between national, regional, local and community stakeholders so that interventions are designed and delivered with the people and places they are intended to benefit in mind. This is seen to be an important component of local development not just for the immediate added value of the investment (i.e. project associated outcomes), but also for the impact it has in building capacity in local areas by increasing social capital and networks, building local governance, and enhancing the delivery of outcomes. This is also outlined below.

Principles of a Future Model for Community-led Local Development

Local Area-Based Approach	Solutions are adapted flexibly to meet their diverse needs and opportunities – at the right time and place.
Partnership Participatory Approaches and Co-production	Co-responsibility and ownership. No one interest group (e.g. public/private/third sector) dominates. The partnership mobilises the knowledge, energy and resources of local people.
Integrated Multi-Sectoral Strategies	Actions reinforce each other and build on the strengths of the area. Linkages are improved horizontally with other stakeholders, and vertically with other levels in delivery and supply chains.
Innovation	In a local context, the method generates new ways of thinking and doing – new markets, new products, services, ways of working and social innovation.
Networking and Co-operation	Local areas and communities network and co-operate, learn from each other, share best practice and find allies for strengthening their position in a global context.

¹⁶ <https://gov.wales/regional-investment-proposals-community-led-local-development>

Ensuring a strategic, strong, and inclusive partnership-based model for the governance of future regional investment will be key to ensuring that the interaction between national, regional, local and community stakeholders is equitable in its approach. We are not proposing a one-size fits all approach to our model, but we do want to ensure that the right collaboration takes place, is tailored to the needs of the investment and does not involve unnecessary bureaucracy.

Real challenges exist in developing future structures with the capacity to deliver what we need. Our partnership with the OECD includes the development of a toolkit to assess governance arrangements and to help inform future delegation of specific responsibilities. This will require some of our regional investment to be used for capacity-building to undertake the required delivery functions.

Question 1: What are your views on a model where:

- **strategic, pan-Wales initiatives are co-ordinated at national level; and**
- **designated regional bodies design and deliver their own programmes of investment aligned with national-level policy?**

Question 2: Do you support our proposals for some investments to be led by the community in which the activity takes place?

Repayable finance

One of the major successes in European funding in recent years has been the use of repayable finance to deliver positive and cost effective results. Previously, regional investment funds have been used in repayable finance initiatives, creating self-sustaining services worth over £1 billion, delivered by the Development Bank of Wales in support of Welsh Government priorities.

Alongside the success of the Development Bank of Wales are other forms of repayable assistance for social enterprise, including the Social Business Growth Fund. Repayable assistance is not only more value for public money, but also supports social enterprises to move toward more sustainable business models, securing better results for the long term.

Our future delivery model seeks to use repayable finance where market failures are identified. Due to the high level of technical expertise required to deliver financial instruments and the significant cost of setting up individual funds, we propose that administering them is best retained at a national level to take full advantage of economies of scale.

Regions would provide strategic direction in prioritising appropriate interventions that meet the needs of their area. We propose to undertake assessments for the proposed priority areas in the regional investment programme to identify where financial instruments are viable, and aim to mainstream their use. We recognise that a fully repayable model may not be viable across all activities. Where this is the

case, we will aim to combine grant with repayable funding and other co-investment in order to maximise the sustainability of the regional investment resource.

Question 3: Do you agree that we should continue to increase our use of repayable finance where this is viable and, where it is not, that models of combined support that maximise the repayable element should be developed?

A seamless transition

It will be important that the transition from current European funding to a new outcomes and place-based regional investment model is as seamless as possible. While European funding can continue to be spent against agreed interventions until the end of 2023, European funding begins to tail off from December 2020.

To manage this transition we propose that future investments are used to maintain transitional projects prioritised at national level and through the Regional Economic Frameworks being developed for each region. We also propose that investments during this transition period provide capability and capacity at the local, regional and national level so we can hit the ground running in 2021.

Question 4: What are your views on our plans for the transition period?

Horizontal themes

Key to the success of the investment is providing economic opportunities and growth at the local, regional and national level and ensuring the benefits are felt equitably by all social and demographic groups.

Equality, Sustainable Development, Gender Mainstreaming and the Welsh Language have been fundamental to the success of European funding in Wales and we will build on the integration of these (to be called 'horizontal themes') as part of our National Framework. This will include how we reflect the different aspects of a person's identity (e.g. gender, race, sexuality, disability etc.) which, when combined, can create additional barriers for the individual.

We want to ensure progress in these areas continues at all levels of delivery in future so that Welsh Government priorities on equality, sustainable development, fair work, and social partnership are met. Maintaining a consistent approach across Wales to ensure we do things in the way that will benefit people the most, we propose that the co-ordination of these themes be at the national level so that nothing is forgotten or left behind. These horizontal themes could be enhanced by additional themes which the regions identify as their own cross-cutting priorities, helping to deliver activities which are distinct and more focused.

Question 5: How best can we integrate the horizontal themes of equality, sustainable development, gender mainstreaming and the Welsh Language into investments delivered at national, regional and local levels?

Along with the specific questions in each section, we would like to know your views on how you think our proposals will affect the Welsh language, particularly in terms of increasing opportunities for people to use Welsh and preventing the Welsh language from being treated less favourably than English. This includes not only the direct effects, but also ensuring there are no missed opportunities to increase positive effects and prevent any adverse effects.

Question 6: How best can we increase the use of the Welsh language through our proposals for regional investment, and ensure it is treated no less favourably than the English language?

Cross-border and international working

One of the most valuable aspects of European funding in Wales has been its ability to bring partners together across nations to work collaboratively and attract funding and opportunities. Our new *International Strategy* commits to continuing to look outwardly to Europe and beyond, while recognising the importance of working with partners at home and abroad to raise Wales' profile internationally to help make us more competitive and well known on the global stage.

When future opportunities present themselves to our Welsh, UK and international partners, we want the funding structures and relationships to enable co-operation (see further details in summary working paper)¹⁷. We feel that there is also an opportunity to deliver a step change in cross-border and international working that is empowered by regional investment by:

- taking advantage of the freedom to support more work on shared opportunities and challenges and access more funding within the UK, such as the UK Challenge Funds, Catapults and Sector Deals;
- encouraging regions to work collaboratively with each other and across borders;
- increasing the benefits that accrue from engagement in European networks and programmes, such as European Territorial Co-operation, Horizon Europe, Erasmus+ and Creative Europe; and
- expanding to a more global perspective to secure and maximise the benefits of an enhanced status in the world, through stronger partnerships, increased trade and access to funding opportunities.

¹⁷ <https://gov.wales/regional-investment-proposals-cross-border-and-international-working>

There are three key elements to our proposed model:

- an 'Agile Seed Fund' for Wales to allow small-scale investments in cross-border and international opportunities across themes, sectors and geographies;
- an 'Integrated Portfolio' approach across the four priority areas, including investment in specific cross-border and international activity where justified;
- central co-ordination at the national level to drive forward the implementation of cross-border and international activity.

Question 7: What are your views on the proposed delivery model for the strengthening of partnerships, co-operation and trade across borders, within the UK and with international partners?

Priority Areas for Investment

Our four priority areas are aimed at delivering the more prosperous, more equal, and greener Wales set out in the Programme for Government and the priorities of the First Minister. This includes, in particular, delivering against our well-being objectives¹⁸, and aligning with and adding value to existing Welsh Government strategies. We want to empower regions and communities to develop their own portfolios of actions that work together to deliver the best results according to their needs and strengths.

The strategic objectives are designed to maximise the contribution regional investment can make to the well-being goals for Wales. They have been determined by us working closely with stakeholders on the basis of what the evidence tells us works. The case for intervention is set out in more detail within our socio-economic analysis (Annex B) which has formed a key evidence base for our interventions alongside all the work by partners in the working groups focused on each area.

The importance and transformational impact of innovation, research, technologies (including digital), entrepreneurship, and recognising and addressing inequality and sustainability are all themes which run through these four priority areas. All of the priorities complement each other, for example, maximising the number of people in good quality work will also help businesses to thrive. There are complex issues which need multiple solutions to address them properly, and huge opportunities which require collaborative and integrated working if we are going to take advantage of them.

Productive and competitive businesses

Our aim is to build on the successes to date to create high quality jobs across Wales by strengthening the productivity and competitiveness of businesses and social enterprises of all sizes. We want to drive growth in a way which is both sustainable and inclusive by supporting entrepreneurs, start-ups and businesses to increase prosperity.

Where we are now

Employment growth has been particularly strong in micro and small businesses for more than a decade. In comparison to the rest of the UK, Wales has a higher proportion of employment in micro and small firms, which we want to grow into medium and large firms. Performance of medium sized firms is also reasonably good with increases in turnover, employment and the number of firms. Wales has a high number of micro businesses, but the number of new business births relative to the size of the population is lower in Wales than the rest of the UK.

Poor productivity performance has been recognised as a significant problem for the UK, driven by low levels of business investment, lower levels of innovation, poor

¹⁸ <https://gov.wales/welsh-government-annual-report-2019>

quality management and lower skills levels. Since the financial crisis, productivity growth over the last decade has been particularly weak, with a growing number of low productivity firms limiting aggregate productivity, relative underperformance in sectors where productivity could be expected to be higher, a slowing of the rate of innovation, and barriers to the diffusion from leading firms to the wider population of firms.

Where we want to be

We want to increase the number and size of enterprises and new start-ups (including social businesses, services, and those in the foundational economy) across Wales in a sustainable manner, particularly in areas of greatest need, working across government to identify the most effective solutions, not just those traditionally considered. This will support the creation and retention of high quality, sustainable jobs that will not only contribute to productivity and economic growth, but also to fair work. We also want to encourage the creation and sustainability of more enterprises which are owned by local people and employ local staff. Evidence shows that they generate beneficial economic outcomes, and are more likely to stay within Wales.

We also want to foster a strong and competitive university and innovation sector and for the benefits to be felt across Wales, building on our successful implementation of smart specialisation to identify areas of comparative advantage across Wales to attract inward investment, compete for research funding, and increase the diffusion of best practice amongst enterprises. We know that, when businesses are ready to trade internationally they have higher productivity, and they need that productivity as they begin to compete in international markets.

Our aim to ensure we add value is to target support in those areas and on those enterprises where specific market failures are identified, recognising that each area has different business needs. Specific interventions would be prioritised by the Regional Economic Frameworks in each region to reflect the challenges and opportunities present in each locality.

Proposed Strategic Objectives

- 1. Support the creation of high quality, sustainable jobs and businesses that meet the definition of Fair Work as set out by the Fair Work Commission.**
- 2. Support the workforce to become highly skilled and trained, maximising business competitiveness at home and internationally.**
- 3. Support the sustainable and inclusive growth, succession and retention of home grown businesses, including those in the foundational economy with a particular focus on progression into productive medium sized firms that are grounded in their local communities.**
- 4. Enhance research and innovation capacity to increase the success of research institutions in attracting funding to Wales and support business to translate innovation into new and improved commercial products.**

5. Implement sustainable means of ensuring Welsh businesses can access the finance they need to thrive and grow, within Wales and maximising cross-border and international opportunities.

Reducing the factors that lead to income inequality

Our aim is to maximise the number of people in good quality work where they are secure and healthy, ensuring this is shared fairly across geographies and demographics, particularly amongst under-represented groups. The reason for this is that evidence, for example by the OECD¹⁹, shows that inequality has a negative impact on economic growth.

Where are we now

A combination of digital innovation, automation, decarbonisation, an increasingly ageing population, and the UK's exit from the EU will change the availability and nature of jobs in Wales.

Unemployment and economic inactivity remain significant drivers of inequality, with disability/sickness and looking after family/home being the main reasons for adults in Wales not being in work. Periods of inactivity can have a detrimental impact on a range of outcomes in later life, and are particularly damaging for young people.

People with higher level skills are more likely to be in work and less likely to be in poverty. Unemployed individuals gaining Further Education qualifications below Level 2 have an increased probability of being in sustained employment, with larger earning and wage gains particularly for those individuals from disadvantaged areas. Apprenticeships tend to increase the probability of participants being in employment with higher level apprenticeships appearing to generate substantially larger labour market benefits. There is also evidence of higher employment and wage returns to higher level qualifications. Our socio-economic analysis shows that, between genders, the gap between level of educational attainment and employment level is greater for women than it is for men.

Wales has seen a rise in in-work poverty among working households, with low pay growth as well as rising housing costs accounting for the increase. Evidence suggests that relatively small proportions of people move out of low paid work and those 'stuck in' low paid work are more likely to be female, older, working part-time and working in sales and customer service or elementary occupations.

Key groups who appear to be at higher risk of poverty are likely to have additional costs with a disproportionate effect on them, for example in the areas of disability and childcare. In addition, there is evidence that housing costs are a significant contributor to poverty rates among young people, and there is a "poverty premium"

¹⁹ <http://www.oecd.org/els/soc/trends-in-income-inequality-and-its-impact-on-economic-growth-SEM-WP163.pdf>

whereby poorer households incur greater costs to access goods and services²⁰. This provides scope to support initiatives such as credit unions, low cost home insurance via housing associations, and collective switching schemes in relation to energy.

Where we want to be

Our *Employability Plan* (March 2018) sets out the ambition to support people into work today, whilst also preparing the workforce for challenges of the future. Ten-year targets have been set to increase productivity and close gaps with the rest of the UK on unemployment, economic inactivity and qualification levels. This is supported by the Social Partnership (Wales) Bill, set out in a separate recent consultation, and *Fair Work Wales*, the report of the Fair Work Commission. We want to help people get the skills and training needed to be part of a productive workforce for high quality sustainable jobs, and which maximises our economy's competitiveness in the UK and internationally.

This requires a careful balance between continuing efforts to raise labour market participation levels as well as increasing the quality of employment in line with Fair Work definitions. We also need to increase the skills and adaptability of the workforce, tackle in-work poverty and reduce inequality of employment prospects, particularly for people with race or disability characteristics that are under-represented.

Proposed Strategic Objectives

- 1. Improve labour market participation levels for people from groups where the gap in levels of economic activity is most severe, especially for disabled people.**
- 2. Increase mobility and adaptability of existing workforce.**
- 3. Improve attainment and skills levels in Wales.**
- 4. Reduce essential costs for people on low incomes.**
- 5. Reduce the pay disparity in respect of gender, race, and people with disabilities.**

Supporting the transition to a zero-carbon economy

The climate crisis is the global challenge of our age. The risks are real and greatest to our most vulnerable, but as well as bringing opportunities for clean growth, quality jobs and global market advantages, the transition to a zero-carbon economy will bring benefits to our environment, our health, our air and our water as well.

²⁰ <http://www.appgpoverty.org.uk/poverty-premium/>

Where we are now

Wales is already in transition, reducing its emissions and unlocking clean growth opportunities. Total turnover generated by businesses active in the “Low Carbon and Renewable Energy” economy in Wales was £2.2 billion in 2018, an increase of 15% compared to 2017. Wales currently produces half its energy as renewables, an increase of a quarter since 2014. Most of this increase has come from marine wind turbines. Wales is also seen as a prominent leader in the research and development of new green innovations. Wales’ emissions come from a variety of sources, mainly business, housing, transport and agriculture.

Where we want to be

We want to build on Wales’ capability and reputation for research and innovation in the field of renewable energy production and make it easier for renewable energies to reach the market as part of a smarter energy system.

Our commitment through *Prosperity For All: A low-carbon Wales*²¹, is to generate at least 70% of Wales’ electricity consumption from renewables by 2030, with 1 GW of renewable electricity locally owned by 2030. We also want all new energy developments in Wales to have an element of local ownership from 2020. This will help ensure that communities retain the benefits from the transition to a cleaner energy system. We also want to help communities to be powered, in the longer term, by locally-generated energy as part of a smarter, flexible energy system. Keeping production and the benefits closer to communities will help ensure that the transition to a zero-carbon economy is innovative, socially just, and will protect workers otherwise at risk from the transition.

By the year 2030, we want to reduce travel emissions by increasing the number of people owning and using electric vehicles, improving fuel efficiency measures, and encouraging the use of more sustainable travel. We also want to tackle housing emissions through behavioural changes, energy efficiency and low carbon heating measures, and farm energy efficiencies including through increasing tree cover, reducing peatland carbon loss and building carbon stores within biomass.

The objectives below show how regional investment could play an important role in helping to achieve these aims, and are aligned with wider Welsh Government policies.

Proposed Strategic Objectives

- 1. Increase renewable energy production and support relevant research, development and education.**
- 2. Improve the transition to low carbon transport.**
- 3. Support housing and capital build initiatives to reduce emissions.**

²¹ <https://gov.wales/prosperity-all-low-carbon-wales>

4. **Improve biodiversity and reverse greenhouse gas emission effects.**
5. **Develop the future skills required by the workforce for decarbonisation.**

Healthier, fairer, and more sustainable communities

A workforce that is healthy and happy, and communities that are strong and resilient, are economic assets which benefit everyone. We want to ensure that communities across Wales offer sufficient opportunities and well-being so that the people living here can live long, happy lives and fulfil their potential to contribute productively to our economy and society.

Where we are now

Many communities are struggling following ten years of austerity and decades of globalisation. Town centres are suffering in the wake of ongoing retail closures, public sector shrinkage and a lack of inward investment. Some people are still unable to access digital services. Transport times can limit access to care and the growth of businesses. Access to cultural opportunities and the multiple heritages in modern Wales is not evenly distributed. Massive inequalities in health outcomes are driven by economic inequality, with factors such as disability and mental health remaining a constant pressure on economic indicators.

Despite these challenges, Welsh communities can be vibrant, creative and resilient. They have the potential to be rich in human capital and there are many examples of action being driven by local people and the wider third sector, often in partnership with others, to safeguard the environment, support those in need, tackle poverty, and create prosperity. We recognise that, as well as addressing deficits, it is vital to build on assets and seize opportunities which can benefit a community, including supporting those who are already doing so.

Where we want to be

We want to empower urban, rural and coastal communities to identify and develop solutions to the social and economic barriers they face to prosperity, shaping their local places to drive new economic opportunity and foster the development of mental and physical health. We want more businesses, community groups and social enterprises in the wider third sector to deliver activities in partnership with the local community.

With the continuing decline of retail we need to repurpose our town centres around homes, offices, leisure, services and community space. By promoting greater connectivity, we can reduce inequalities in outcomes and ensure citizens receive the services they need. We want to strengthen town centres by building and strengthening the social infrastructure needed for communities to function, including the creative industries, which are integral to promoting a strong sense of people and place. This will require improved use of community spaces, the development of new community assets, particularly green infrastructure, and better-integrated connectivity.

We want people to have equal access to services across Wales, focusing particularly on the most vulnerable people. We want to improve access to cultural and heritage sites to counter the effects of isolation, particularly for people such as the elderly and disabled people.

We also want to provide sustainable economic opportunities for young people, ensuring that a positive future is made possible within their local areas, irrespective of rurality or location, without necessarily requiring movement to cities in Wales or beyond.

Proposed Strategic Objectives

- 1. Empower people in communities across Wales to co-produce solutions to shared problems with delivery partners and to spread best practice.**
- 2. Reduce inequality of access to services, goods, and local cultural or leisure activities for people across Wales, especially where the need is greatest in vulnerable or marginalised groups.**
- 3. Improve social and economic infrastructure to promote sustainable rural and urban places.**

Question 8: What do you think of the proposed strategic objectives across the four investment priority areas? Are there other objectives that should be considered?

Question 9: Which indicators do you think should be used to measure progress towards achieving the proposed strategic objectives?

Fair, Transparent, and Consistent Rules

Our aim is to set simplified, proportional and less bureaucratic rules for investments, while also ensuring that activities have the right governance in place to manage public resources effectively.

Where we are now

The current rules and conditions governing the use of European funding within Wales are determined partly by EU legislation and partly by national rules established by the Welsh Government.

Stakeholders have called for processes to be simplified and proportional to the risk of the activities proposed. It has also been suggested that a set of operating principles be developed to ensure fair treatment and a level playing field so as not to disadvantage any particular audience (e.g. small social enterprises, private businesses) or peripheral geographical areas.

An area of significant success throughout the EU in recent years, and supported by the OECD, has been the use of financial instruments and repayable finance as a key national-level intervention to support economic development. Wales has a successful track record of using repayable finance (debt and equity) to deliver positive outcomes while retaining the highest standards of governance and delivering a return on investment.

An important element of this involves carrying out assessments to identify where financial instruments can be used, or where the role of grants (i.e. non-repayable finance) remains prominent given evidence of significant market failure.

Where we want to be

The absence of EU Regulations in itself will provide a step change to achieve a simpler investment approach. For example, certain rules and conditions, including the separation of all-Wales activities into different geographical areas and multi-funding streams, will no longer be mandatory.

Going forward, we want to design a set of rules which build on best practice for simplification, proportionality, transparency, and value for money, while also ensuring less bureaucracy for our delivery partners.

We also believe it is important for our approach to provide a consistent set of rules to ensure decisions are taken on a fair and equitable basis, but are also flexible enough to respond appropriately to risk and can take into account regional differences, strengths and needs.

In the development of this approach, we will align with Welsh Government requirements for grant funding, and will also look to preserve and build on European funding regulations which have clearly demonstrated best practice, for example, the use of flat rate and unit costs.

Through our approach, we are also seeking a much stronger emphasis on delivering outcomes and better integration of funding and activities with wider investment and policy areas. These commitments will also require delivery partners to sign up to the Welsh Government's economic contract and commit to the Fair Work principles.

International best practice is to appraise activities using the Better Business Cases methodology – an investment decision-making framework based on the Five Case Model. This approach is already used for Welsh Government investments and will need to be reflected in our approach to future regional investment in Wales. We will seek to ensure that this is employed in a manner proportionate to risk so that we achieve our goals for creativity and ambition in our investments.

Question 10: What are your views on the approach described above?

Evaluating and Evidencing Delivery towards our Outcomes

Our aim is to create an effective monitoring and evaluation system as part of our outcomes-focused approach in line with the *Well-being of Future Generations Act* for effective policy and programme delivery. Our successor arrangements for regional investment need to maintain high standards of evidence-driven policy, while being more proportionate and tailored to Wales' requirements.

Where are we now

EU regulations require high standards for monitoring and evaluation at programme and project levels to demonstrate value for money and impact. As these are EU regulatory requirements, monitoring and evaluation can be supported by European funding. The Welsh Government retains a team of professional researchers and analysts, while projects also use researchers and consultants to independently evaluate and evidence progress and impact.

Stakeholder feedback (see further details in summary working paper²²) shows strong support for strengthening, monitoring and evaluation in future, but also that we need to make our systems more proportionate.

Where we want to be

We want future interventions to be subject to monitoring requirements through a common set of indicators which can be applied across our national framework. Regions, however, could include additional indicators for specific initiatives. Indicators will be aligned with the structure for measurement of progress toward the well-being goals under the *Well-being of Future Generations Act*, but will not use the Well-being Indicators²³ as measures of progress for individual projects or programmes.

Monitoring processes should be adopted so that at any point in the delivery it should be possible to understand what progress is being made against the project and programme indicators.

Evaluation should provide an understanding of how the intervention was or is being implemented, its effects, for whom, how and why. Evaluation should also examine the longer-term difference made, and benchmark regions' performance not just between themselves and the rest of the UK, but across Europe in line with the OECD's standards.

Our proposals for regional investment present opportunities for substantive elements of monitoring and evaluation activity to occur at regional and local levels, contingent on ensuring sufficient capability and capacity in this area.

We propose a co-ordinated, collaborative system of monitoring and evaluation activities at both the national and regional level is developed. Here, each region

²² <https://gov.wales/regional-investment-proposals-monitoring-and-evaluation>

²³ <https://gov.wales/how-do-you-measure-nations-progress-national-indicators-0>

would have its own monitoring and evaluation team determining how monitoring activity and evaluations of regional and local programmes should be carried out and be responsible for ensuring delivery of this activity. Some strategic functions would be retained at the national level to help set and oversee monitoring and evaluation requirements for national priorities and programmes.

The national level activity would also include thematic reviews and meta-evaluations of all monitoring and evaluation activity undertaken across all levels by reviewing, analysing, drawing together and reporting on findings from individual evaluations. In order to prevent duplication and encourage co-operation, the national role would include a degree of oversight and co-ordination of planned activities to link national, regional and local structures.

Delivering this will require funding and expertise for monitoring and evaluation at the appropriate level. This will ensure our current evidence-based approach is maintained and takes full advantage of the opportunities for greater regionalisation.

What we need to do

1. Maintain high standards of evidence-driven policy, while creating a more proportionate system to monitor and evaluate in line with the *Well-being of Future Generations Act*.
2. Ensure the provision of robust evidence on the performance of the regional investment system at the national, regional, thematic and individual project level.
3. Achieve a balance between formative learning and accountability.
4. Where appropriate, establish a consistent set of indicators comparable across interventions and geographic areas and aligned to Welsh Government objectives.
5. Retain best practice and encourage innovation in the use of evaluation methods.
6. Ensure the sharing and spreading of best practice and lessons learned across Wales.

Question 11: Should the capacity to deliver the monitoring and evaluation proposals above be prioritised?

Question 12: Do you agree with the proposal outlined for development of monitoring and evaluation at the regional and local level?

Consultation approach and how to respond

We want to hear your views. We have intentionally made this consultation document short and accessible. Your views will shape the actions we take to deliver a new Regional Investment Framework for Wales.

Question 13: We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this consultation to address them.

Responses to consultations are likely to be made public, on the internet or in a report. If you would prefer your response to remain anonymous, please let us know in any postal or email response, or by ticking the appropriate box in the online form.

If responding by post or email, please include your name, organisation (if applicable), phone number and address along with your response.

In addition to being available in Welsh, we have also prepared an easy-read format which captures the main points for consideration to help you respond to the consultation.

We will be holding a number of consultation events across Wales and for various groups (e.g. business, citizens, young people, and people with protected characteristics). There will also be opportunities to engage online and on social media too.

We want to hear from as many people and organisations as possible. Your responses will make a difference.

Once the consultation is closed, the responses will be independently analysed and a report on the feedback will be published in the summer before our final framework is operational in 2021.

Glossary

Activities: activities delivered by one or more organisations or regions that could be supported through a new framework for regional economic investment in Wales.

Corporate Joint Committees (CJCs): The Local Government and Elections (Wales) Bill (introduced on 18 November 2019) makes provision for the creation of Corporate Joint Committees to support regional working and collaboration. It is planned that these will be formed from the membership of the constituent local authorities to ensure democratic accountability and be in operation from April 2021. They will have the legal abilities to manage and distribute funds.

Cross-border working: Activity, projects, or operations that are not constrained within Wales, but reach across the border to collaborate with actors in the UK to maximise the economic benefit to Wales.

Economic Contract: A contract for businesses benefiting from Welsh Government investments as described in the Economic Action Plan.

European Structural and Investment Funds: these relate to the EU's European Regional Development Fund (ERDF), European Social Fund (ESF), and the Rural Development programme, worth around £375 million annually to Wales.

Fair Work: Fair work is where workers are fairly rewarded, heard and represented, secure and able to progress in a healthy, inclusive environment where rights are respected.

Foundational Economy: The basic services and products that keep us safe, sound and civilised. The industries and firms that are there because people are there. The food we eat, the homes we live in, the energy we use and the care we receive.

Gender mainstreaming: involves the integration of a gender perspective into the preparation, design, implementation, monitoring and evaluation of policies, regulatory measures and spending programmes, with a view to promoting equality between women and men, and combating discrimination (European Institute on Gender 2020).

Horizontal Themes: core principles that cut across and have relevance and impact in all areas of the investment funds.

International working: Activity, projects, or operations that attract and lever in investment from countries outside the UK to maximise the economic benefit to Wales.

Local level: means local authority or community level.

National Development Framework: a Welsh Government development plan which sets out where we think we should try to grow and the types of development we need over the next twenty years to help us be a sustainable and prosperous society.

National Framework for Regional Investment: will set out what we aim to fund and the outcomes we want to achieve through regional economic investment.

National level: means all of Wales (also referred to as pan-Wales).

Organisation for Economic Co-operation and Development (OECD): a world-leading and internationally renowned intergovernmental organisation which works with regions to build better policies for better lives.

Outcomes: The Well-being goals for Wales under the Well-being of Future Generations Act. To maximise our contribution to the goals, our approach will focus on the impact to be achieved through activities supported by regional economic investment.

Outputs: the things achieved through activities that will contribute to the outcomes we want to see from regional economic investment.

Regional Economic Frameworks: will define economic development priorities for the regions of Wales, which will be living documents currently being developed by Welsh Government with partners.

Regional level: means the regions of Wales as set out in the *Economic Action Plan*.

Replacement EU funding: These are the regional investment funds we expect the UK Government to replace in full from 2021, to be added to the Welsh Block Grant for the Welsh Government to manage these funds with partners in line with our devolution settlement.