

**Dyddiad:** 28 Tachwedd 2002  
**Amser:** 9.00 - 12.30  
**Lleoliad:** Ystafell Bwyllgora 1, Cynulliad Cenedlaethol Cymru, Bae Caerdydd  
**Teitl:** Y Panel Ymgynghorol ar Ymchwil Economaidd

## **Diben**

1. Rhoi crynodeb i'r Pwyllgor o'r gwaith a wnaed gan y Panel Ymgynghorol ar Ymchwil Economaidd hyd yn hyn, a gwahodd y Pwyllgor i gyfrannu at yr ymgynghoriad ar gyfer y rhaglen o ymchwil economaidd sydd i'w chynnal yn ystod y tair blynedd nesaf.

## **Crynodeb/Argymhellion**

2. Crynodeb o'r hyn a wnaed gan y Panel hyd yma (Atodiad 1) a'r cynigion cychwynol ar ddatblygu rhaglen dair blynedd o ymchwil economaidd (Atodiad 2).

## **Amserlen**

3. Bydd y Panel Ymgynghorol ar Ymchwil Economaidd yn ymgynghori ynghylch cynnwys ei gynigion drafft ar gyfer cynnal Rhaglen o Ymchwil Economaidd rhwng mis Tachwedd a mis Ionawr 2003.

## **Cefndir**

4. Dyma gylch gorchwyl y Panel Ymgynghorol ar Ymchwil Economaidd:

- Rhoi cyngor i Lywodraeth y Cynulliad ar raglen sy'n ymwneud ag ymchwil economaidd, monitro a gwerthuso;
- Rhoi gwybod i Lywodraeth y Cynulliad a phwyllgorau priodol y Cynulliad am ganlyniadau'r rhaglen hon;
- Hyrwyddo cydweithrediad ar ymchwil economaidd a rhannu gwybodaeth rhwng Llywodraeth y Cynulliad, ei brif asiantaethau a phartneriaid eraill;
- Rhoi cyngor ar ledaenu canfyddiadau'r ymchwil;
- Rhoi cyngor ar y ffordd orau o ddatblygu gallu ac arbenigedd sefydliadau sydd wedi'u lleoli

yng Nghymru er mwyn iddynt allu cyfrannu at yr agenda ymchwil hon.

5. Penodwyd y saith aelod o'r Panel Ymgynghorol ym mis Ebrill 2002:

- Cadeirydd: Yr Athro Garel Rhys OBE, Cyfarwyddwr Canolfan Ymchwil y Diwydiant Moduro, Ysgol Fusnes Caerdydd.
- Yr Athro Harvey Armstrong, Athro Daearyddiaeth Economaidd, Prifysgol Sheffield.
- Mr Simon Gibson OBE, Prif Weithredwr, Wesley Clover Corporation, Casnewydd.
- Yr Athro Andrew Henley, Ysgol Rheolaeth a Busnes, Prifysgol Cymru, Aberystwyth.
- Mr Gerry Holtham, Prif Swyddog Buddsoddiadau, Morley Fund Management, Llundain.
- Mr Chris Johns, Banciwr Buddsoddiadau, ABN AMRO, Llundain.
- Dr Janet Wademan, Rheolwr Gyfarwyddwr, Van Helsing Cyf, Cwmbân.

6. Penodwyd saith aelod ex officio ym mis Mai 2002 i helpu'r aelodau a benodwyd drwy roi cyngor ar gyd-destun y gwaith ymchwil o ran polisi a'r agwedd economaidd. Mae'r aelodau ex officio yn cynrychioli Canolfan Byd Gwaith; Y Cyngor Cenedlaethol - ELWa; Llywodraeth Cynulliad Cymru (Cyngor Economaidd); Llywodraeth Cynulliad Cymru (Polisi Economaidd); Awdurdod Datblygu Cymru; Cymdeithas Llywodraeth Leol Cymru; Bwrdd Croeso Cymru.

## **Materion i'w Hystyried**

7. Ceir crynodeb o waith y Panel Ymgynghorol ar Ymchwil Economaidd yn ystod y chwe mis diwethaf yn atodiad 1. Prif orchwyl yr ychydig fisoedd nesaf fydd cytuno ar y rhaglen o ymchwil economaidd a gynhelir yn ystod y tair blynedd nesaf. Ceir y cynigion cychwynnol yn atodiad 2. Dros y ddeufis nesaf, bydd y Panel yn gofyn barn cynrychiolwyr y prif sefydliadau economaidd ac academyddion yng Nghymru ar gynnwys y rhaglen, cyn cyflwyno'i argymhellion terfynol ger bron Llywodraeth y Cynulliad ym mis Mawrth 2003.

## **Pwyntiau Cyswllt**

Jonathan Price, yr Uned Ymchwil Economaidd (est 5775)

Rod Hough, yr Uned Ymchwil Economaidd (est 3269)

## **Annex 1: Report on progress to date by the Economic Research Advisory Panel**

1. The Panel met in June and October 2002. At the first meeting, its priority was to review projects proposed for inclusion in the research programme in the current year (2002-03), in order to enable procurement to commence. In October, the Panel considered the content of the longer term research programme and discussed the options for promoting the building of capacity to research Welsh economic issues. This report contains the Panel's preliminary conclusions on the research programme over the next three years, plus its initial thoughts on capacity building.

2. Following the announcement by the First Minister of the Economic Research Programme for 2002-03, five projects have been issued to tender (all due to commence in November):

- Dynamic smaller towns - identification of critical success factors
- Identifying barriers to economic activity
- Effects of improvements in adult basic skills
- Comparing the cost-effectiveness of job-creating activities
- Economic effects of transport infrastructure improvements (part 1: road infrastructure)

3. In response to the request of the Assembly Government to extend the proposed work on the economic implications of road infrastructure improvements, the Panel has recommended studies into:

- the role of port towns in regional economic development;
- the role of regional and local airports in economic development;
- the role of enhancements to public transport in raising economic activity (to follow the broader project into economic activity in Wales).

4. In addition, preparatory work has continued on four other projects which are being taken

forward by the Welsh Assembly Government in-house - mostly in conjunction with other public sector bodies:

- regional environmental-economic modelling;
- measurement of the income of agricultural households;
- improving the use of regional economic forecasts in Wales;
- development of a database of Welsh companies.

5. Following advice from the Welsh Assembly Government's Statistics Directorate that the data are not yet robust enough to use, the Panel has recommended that the agreed research project on Barriers to Educational Attainment should be delayed until next year. In its place, the Panel has proposed two studies examining aspects of the labour market in the South Wales Valleys which will complement the forthcoming economic activity study and which should help inform policy development in this crucial area. The two studies are:

- the responsiveness of the valleys labour market to investment projects;
- the socio-economic characteristics of the valleys in a wider context: implications for policy.

#### Proposed Economic Research Programme (2003-06)

6. The Panel believes that the three-year rolling Economic Research Programme should focus on developing the evidence base upon which to build policies that address effectively the economic issues described in "A Winning Wales" and on evaluating the impact of those policies in practice. The programme should also reflect a realistic assessment of where economic research can add most value and the results available from earlier research across the UK and beyond.

7. The nature of the research to be undertaken in each area should be responsive to the scale of the gap between what is known and what needs to be known in order to put in place effective policies. Where this gap is small, the Panel recommends the best approach will often be one based upon carefully evaluated pilot studies, with more general research only where the gap is wider. Research should be aimed at supporting better policy, rather than acquiring knowledge for its own sake.

8. The key issues where the Panel feels the evidence base is incomplete include:

- the relative importance of the various factors influencing the rate of economic activity and the appropriate policy responses;

- the channels through which innovation affects Welsh economic performance; how innovation can best be measured; and the information base needed to further develop policy in this area (taking account of responses to the current "Wales for Innovation" consultation paper and evaluations carried out as part of the Innovation Action Plan);
- the extent to which observed low rates of business formation in Wales reflect inherited industrial structure and the relative effectiveness of policy options in this context (including evaluations being undertaken as part of the Entrepreneurship Action Plan);
- identifying the skills critical for economic success and how to encourage skills acquisition amongst the low-skilled (particularly in respect of basic skills);
- the nature and extent of the wider economic benefits associated with information and communication technologies, and the lessons for refining policy;
- the relative benefits of different kinds of business support;
- the implications for policy of longer-run (global) economic trends;
- the importance of exports to the Welsh economy, and the opportunities for effective government action to encourage exporting;
- the role of transport infrastructure in regional economic development, and developing criteria for assessing improvements;
- the causes of the concentration of economic problems in certain locations and the implications for policy;
- identifying the economic problems of rural Wales, and assessing the scope for further policy initiatives.

9. The programme should concentrate on higher-level research in these and related areas, recognising the responsibilities of other Government bodies to undertake research directly related to the delivery of their particular functions.

10. Annex 2 contains a long-list of research suggestions, categorised by "A Winning Wales" priorities. The list draws on initial contributions received from Welsh Assembly Government Policy Groups and researchers both inside and outside the Assembly. The list includes some research in progress, and research approved by the Welsh Assembly Government following the first meeting of the Panel. It incorporates both evaluation work and different types of

research exercise. The list is not in priority order.

11. The Panel plans to invite leading economic and labour market institutions and researchers in Wales to contribute their thinking on priorities for longer-term economic research before the Panel makes its final decision on the content of the programme to be recommended to you. The consultation should be completed by late January, in time for consideration at the third Panel meeting (on 7 February). Following this meeting, the Panel will submit to the Assembly Government its third report, detailing the prioritised and timetabled programme for 2003-06.

#### Initial proposals for capacity building

12. The Panel considered an initial paper setting out options for building capacity to undertake research into Welsh economic issues. This is an issue to which we will need to return. However, the Panel believes there is considerable merit in taking forward initial proposals to:

- encourage networking amongst economists and researchers with experience or an interest in Welsh issues, including perhaps the creation of a virtual research forum along the lines of scotecon.net in Scotland;
- create a fund for economic research, perhaps as a joint project with the Higher Education Funding Council-ELWa and/or the Economic and Social Research Council;
- support research studentships in relevant areas.

## **Annex 2: Proposed three year rolling Economic Research Programme, 2003-2006**

### A) Original research

#### **Project [including lead body] Encouraging innovation**

1 Investigation of the role of innovation in regional economic performance

#### **Description**

Some theorists have argued that innovation plays the crucial role in regional economic development; others have argued that whilst important, the role may be more specific. This study would set out the current state of knowledge, examine the empirical evidence at UK and wider levels, and if necessary, undertake original research on the position in Wales.

2 Review of regional policies to support innovation: options and effectiveness

Study to examine the options for further developing innovation policy at a regional level. The proposed approach would be to examine the effectiveness of policies adopted in comparator regions.

3 Development of a "Welsh Observatory" to collate latest thinking on innovation and learning [ELWa: proposal]

ELWa project to collate and disseminate information.

### **Encouraging entrepreneurship**

4 Business support needs of entrepreneurs in the childcare sector in Wales [WDA:& Chwarae Teg: in progress]

Research to examine whether there are sector-specific business support needs, and to consider the policy options.

### **Developing the learning country**

#### ***Lifetime learning:***

5 Future Skills Wales - skills needs assessment [ELWa lead: in progress]

Research to identify skills needs in Wales and thereby inform the delivery of education and training programmes. Research draws upon survey-based assessment of employer demand, trend-based estimates of future supply.

6 Socio-economic influences on educational outcomes [ERU: approved due to start 2003/4]

Use of new pupil-level data-base to investigate the relationship between pupil performance, socio-economic circumstances, and to explore the scope for policy interventions to raise performance.

7 Returns to education by level and subject [ERU: possibly to follow research summary]

Depending on the outcome of the project to summarise existing research, more work may be needed to investigate the returns to education in the Welsh context.

8 Options for assessing the economic impact of higher education [ELWa & other UK HEFCs]

Research under consideration by the Higher Education Funding Councils to assess the overall economic impact of higher education.

9 Role of large employers as suppliers of skills

There is anecdotal evidence of large employers playing a declining role as suppliers of skills to the wider economy. This research would seek to establish the facts, assess the implications, and identify policy options as appropriate.

#### ***Economic activity:***

10 Economic activity in Wales - review of evidence on causes and policy effectiveness; possible follow-up survey [ERU: approved for 2002/3]

Research to identify barriers to economic activity in Wales with the aim of informing policy development. Stage 1 will identify any gaps in understanding of low activity rates in Wales. If necessary, Stage 2 will comprise a survey to improve understanding.

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| 11 The socio-economic characteristics of the Valleys and implications for policy [ERU: proposal for 2002/3]         | Initial research suggests that the socio economic characteristics of the (upper) Valleys, particularly the levels of economic activity, are unusual in UK terms. The research will seek to explore this issue, with the aim of identifying comparator regions to facilitate the assessment of policy options.   |
| 12 The response of the labour market in the Valleys to job-creation [ERU: proposal for 2002/3]                      | Anecdotal evidence suggests that, despite lower economic activity, the labour market in the Valleys has not always been responsive to job creation. This research will investigate the issue systematically, and will look in particular at whether there is evidence that there are specific barriers to participation which could be addressed by policy.                             |
| 13 GP behaviour, incentives and economic activity   | Evidence from England suggests that differences in GP behaviour may play a role in explaining the pattern of economic activity. Probably on the basis of focus group discussions with doctors, this research would explore the issue in the Welsh context, and consider the options for increasing consistency.   |
| 14 Targeting those at risk of leaving economic activity - identification of groups and assessment of policy options | There is evidence that the transition into economic activity is difficult. This research would be aimed at identifying those at risk of leaving economic activity, and assessing the scope for policy interventions to reduce the likelihood of this eventuality. Research may use longitudinal data (perhaps BHPS) to identify those at risk, and pilot studies to test interventions. |
| 15 Role of call centres in raising economic activity  | There is some anecdotal evidence to suggest that call-centre employment may provide a route into economic activity. This research would establish the extent to which this is the case, and, depending on the results, consider options for easing the transition.  |

**Promoting information and communication technologies**

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| 16 Socio-economic impact of e-commerce and IT [Cabinet Office lead, ERU participating]   | To be determined. |
| 17 Skills and knowledge required by businesses to seek out, develop and apply new knowledge in their business processes [ELWa: proposal] | To be scoped.     |



18 Socio-economic impact of transition to digital TV.

To be scoped.

### **Supporting business**

19 Identification of growth sectors and regional competencies [WDA lead: in progress]

Use of external assessment to identify priority sectors for co-ordinated economic development action by the Assembly and its sponsored bodies. Analysis also highlights common competencies and weaknesses, thereby informing policy development.

20 Size, needs and potential of creative industries [WDA lead: in progress]

Project aims to provide better information for policy makers on a sector thought to have growth potential. Estimates of size of sector derived from Welsh input-output tables, with an assessment of growth potential made on the basis of evidence from comparator regions. Survey-based assessment of business needs, to ascertain whether these are sector-specific.

21 Business support needs of the social economy [Economic Policy Division lead: in progress]

Project aims to provide better information for policy makers on a sector thought to have growth potential. Survey-based assessment of business needs, to ascertain whether these are sector-specific.

22 Factors underlying Welsh productivity performance [ERU: initial study in progress]

Research being undertaken to establish the reasons for the observed relatively low growth in productivity at Welsh manufacturing plants during the 1990s. Quantitative study using ONS plant-level data.

23 Economic impact of public sector procurement [Welsh Procurement Initiative lead: in progress]

Welsh Procurement Initiative are leading pilot studies to examine the potential for procurement to support local economic development. May also be a need for more general analysis to review the economic case for such action, and synthesise the lessons learned elsewhere.

24 Identification of barriers to firm growth in Wales

Research would draw together earlier results on barriers to firm growth at regional, UK (and wider) levels, assess implications for policy, and if appropriate undertake further research to identify options in respect of specific Welsh problems.

25 Review of options for delivering financial support to businesses

Study to examine the relative merits of different options for delivering business support, including grants and loans, with the aim of informing the policy response to possible reforms of RSA.

26 Export trends, drivers to export orientation, barriers, and policy options

A summary of existing information on trends in export performance of businesses in Wales together with the identification of barriers to exporting and an assessment of the policy options. Identification of barriers likely to be survey-based.

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| 27 | Economic implications of the single market and implications of enlargement     | Research to evaluate the effects of the single market in Wales to date, identify trends, and assess likely future implications in the context of EU enlargement.   |
| 28 | Organisational structure, behaviour and productivity - the role of partnership | Research would summarise extant research results on relationship between business organisational structure, management practice and business performance, and, if appropriate, seek to identify Welsh exemplars. |
| 29 | Assessing cyclical sensitivity of Welsh economy                                | Research to assess the sensitivity of the Welsh economy to the economic cycle. Approach would probably be based upon analysis of comparative trends and assessment of impact of changes in industrial structure. |

### **Setting a fresh direction**

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| 30 | Regional environmental-economic model [ERU: approved to start 2002/3]   | Joint project with Environment Agency and several RDAs to create a model to allow testing of the environmental implications of policy scenarios. Essentially, the project extends an extant input-output model by adding coefficients to determine environmental outputs. |
| 31 | Development of alternative indicators of economic growth [ERU: may follow a research summary (in progress). CCW piloting Index of Sustainable Economic Welfare] | Research may be needed to develop supplementary measures of economic development, subject to the outcome of work in progress reviewing the evidence base.   |
| 32 | Forecasting demand for environmental goods and services   | Research to assess future demand for a variety of environment-friendly goods and services. To be scoped.  |
| 33 | Assessing the economic impact of environmental restrictions   | Research to assess the economic costs of meeting environmental restrictions. To be scoped in the light of advice from Policy Groups on restrictions in question.  |
| 34 | Measuring the output of the social economy  | Whilst it is relatively easy to assess the main inputs of social enterprises, little is known about the value of the outputs. This makes it difficult to allocate resources on a rational basis. Initial research may take the form of a review of earlier evaluations.   |
| 35 | Climate change - threats and opportunities  | A study would develop scenarios for the effects of climate change on Wales, and undertake an initial exploration of policy options.   |

### **Establishing Wales in the world**

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| 36 | Research into major global trends / Scenario analysis | Research to provide a broad context for longer-run policy development. The approach would probably involve expert focus-groups, perhaps based on the Delphi technique. |
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### **Improving transport**

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| 37Transport based social exclusion in rural areas [Transport Policy Division, Scottish Executive & DfT: in progress] | Study to examine the policy options for increasing accessibility to employment and services by excluded groups in rural areas.   |
| 38Economic effects of road transport infrastructure improvements [ERU: approved to start 2002/3]                     | Research to assess the extent of the economic effects of major improvements in the Welsh context. The study will examine the effects of specific major improvements on the location of economic activity, and aim to draw conclusions relevant to possible future schemes.   |
| 39Role of airports in regional economic development [ERU: proposed to start 2002/3]                                  | A range of research is already underway into airport capacity at UK level, and into specific issues related to Cardiff airport. This study would look at the links between airports and economic development, drawing on case studies from across the EU.  |
| 40Role of ports in regional economic development [ERU: proposed to start 2002/3]                                     | Research to examine the economic issues facing smaller coastal port towns, and the efficacy of policies aimed at their regeneration. The study would encompass an evaluation of previous policies employed in Wales.   |
| 41Public transport improvements: contribution to raising economic activity   | Subject to the outcome of the project exploring barriers to economic activity in Wales, this research would examine the specific contribution that public transport improvements could make to raising economic activity in Wales. The research is likely to be draw on case-studies examining the impact of improvements in public transport in comparator locations. |

**Creating strong communities**

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| 42Study of transitions into poverty [Economic Advice Division, Scottish Executive & UK Government: in progress] | Research in progress using the British Household Panel Survey to identify factors that pre-dispose families to enter, and remain in, a state of poverty.   |
| 43Wider economic benefits of housing stock transfer [Housing Directorate may lead: proposed]                    | Research based on case-studies and/or pilot-studies, to examine the effects of housing stock transfer on local economic development. The aim would be to assess additional effects net of any displacement, and to identify options for maximising positive effects.   |
| 44Impact of the Welsh housing market on labour mobility, implications, and policy options                       | Assessment of the wider economic effects of the operation of the housing market in parts of Wales. Anticipated that a particular focus may be on the (upper Valleys) where high home ownership is combined with very low property values, perhaps inhibiting movement. |

- 45 Job characteristics by category of employer in Wales Study to examine the extent to which desirable job characteristics in Wales (principally high wages and security) are associated with certain categories of employer (eg multinational, indigenous, large firm), and an assessment of the extent to which this should inform the targeting of policy.
- 46 Role of higher and further education in area regeneration Study to examine the potential for educational institutions to act as a catalyst for local area regeneration, with the aim of informing funding policy. Likely to be based on case-studies.
- 47 Assessing the wider economic role of capital and major cities Research, probably based on case studies, identifying the wider economic role of larger centres, and scope for policy to maximise the beneficial effects.
- 48 Labour market effects of plant closures and implications for policy Research to identify the factors underlying differential outcomes, and the lessons for policy. Approach would draw together results of previous studies, and depending on gaps, undertake primary research in Wales.
- 49 Regional economic impact of central government taxation and spending Drawing on recently published regional data on taxation and government spending, the research would be aimed at identifying the economic implications for Wales of changes in central government policies.
- 50 Improving the labour market prospects of ex-prisoners Study to review options for encouraging labour market attachment in ex-prisoners. Likely to be secondary research, perhaps leading to case studies.
- 51 Home-working: evidence and prospects Research to draw together existing information on the extent and nature of homeworking, identify gaps in knowledge, and assess trends and prospects.
- 52 Economic effects of the Welsh language Study to examine the economic effects of the Welsh language and identify options for maximising the net benefits.

### **Supporting rural Wales**

- 53 Promoting age-balanced rural communities [Rural Development Division lead: in progress] Research to identify the extent of the problems associated with the claimed loss of young people from rural areas, to identify the reasons for such loss, and explore the policy options.
- 54 Measuring the income of agricultural households [ERU: approved to start 2002/3] Good information is available on farm incomes, but not on the overall income of farming families, and hence not on the welfare implications of low farm incomes. Joint research with DEFRA would exploit Inland Revenue data to examine the overall income position of such families.

- 55 Dynamic smaller towns - identification of critical success factors [ERU: approved to start 2002/3] Research to identify the factors associated with strong economic performance of smaller towns, and the extent to which such factors are open to policy influence. Research based upon case-studies.
- 56 Implications of CAP reform (responses to ad hoc issues as they arise) [Economic Advice Division: in progress] Assessing the economic implications of proposals for the reform of CAP. In general, this is responsive research using spreadsheet models.
- Improving the evidence base**
- 57 Improvements to economic statistics (including LFS boost) [Statistical Directorate: in progress] An on-going programme to improve economic statistics. Subject to periodic review.
- 58 Improving the use of regional economic forecasting models in Wales [joint ERU, WDA & ELWa: in progress] A project being carried out jointly by the Assembly and its sponsored bodies to improve the use of the existing regional economic models. The approach is to develop a better understanding of the models' properties through analysis and interaction with the modelling teams.
- 59 Development of Welsh input-output tables [WDA lead: in progress] A project being carried out by the Welsh Economy Research Unit (WERU) at Cardiff Business School to update the input-output tables for Wales.
- 60 Assessing CGE modelling for Wales [WDA lead: in progress] Research to extend WERUs model (currently based on input-output tables) through the addition of supply-side constraints.
- 61 Improving definition of rural and urban areas [Statistical Directorate lead: in progress] A joint project with English Departments to develop an improved method defining rural and urban areas for purposes of statistical analysis.
- 62 Creation of a database of businesses in Wales [to be progressed subject to resources] A project to be carried out in house to create a unified database of Welsh companies, thereby facilitating the evaluation of interventions by the Assembly and its sponsored bodies designed to improve business performance.
- 63 Measuring the contribution of non-standard industrial sectors A variety of economic sectors are not adequately reflected by the Standard Industrial Classification (SIC) upon which official statistics are based. This project would examine the scope for collecting data on key non-SIC sectors, which might include tourism, cultural industries, and certain high-technology sectors.
- 64 Contribution to review of assisted areas Research to assist in the negotiation of a revised map of assisted areas.
- 65 Review of non-official data sources A systematic review of non-official sources of economic data and information in order to ensure that maximum benefit is being derived from their use.

## B) Evaluation

| <b>Project</b>  | <b>Description</b>  |
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| <b>Encouraging entrepreneurship</b>   |   |
| 66 Evaluation of Entrepreneurship Action Plan [WDA lead: in progress]   | A suite of evaluations covering activities being undertaken as part of the Entrepreneurship Action Plan.  |
| <b>Supporting business</b>  |   |
| 67 Cost effectiveness of job-creating policies – comparisons across interventions [ERU: approved to start 2002/3] | Secondary research which draws upon existing evaluation studies to assess the comparative effectiveness of job-creating activities.   |
| 68 Effects of improvements in adult basic skills [ERU: approved to start 2002/3]                                  | A study to assess the effects of policies to improve adult basis skills, on both skill levels and employability. The study involves tracking individuals who have upgraded their basic skills.  |
| 69 Cross-cutting evaluation of government support to inward investment  | Whilst programmes providing support to inward investment (eg RSA, property development, skills development) have been evaluated in isolation, there has so far been no systematic evaluation of the overall policy towards inward investment in Wales. This evaluation would fill that gap.   |
| 70 Evaluation of Assembly Investment Grant  | An evaluation of the effectiveness of the recently introduced Assembly Investment Grant, available to SMEs across Wales.  |
| 71 Evaluation of Broadband Wales  | To be scoped. Pilot study of wireless broadband proposed as one element.  |
| <b>Creating strong communities</b>  |   |
| 72 Evaluation of Communities First programme [Communities Directorate lead]                                       | Systematic evaluation of the effectiveness of the Communities First programme of community development.   |
| 73 Evaluation of physical regeneration programmes   | Physical regeneration schemes carried out in the 1980s are now fairly well established, and a systematic evaluation could inform future policy, in particular in respect of whether the tendency in recent years to attach rather lower priority to physical regeneration should be reversed. |

## C) Research summaries

## Encouraging innovation

- 74 Innovation and diffusion: role of government  
Review of evidence on effectiveness of government action to promote innovation and diffusion.
- 75 Role of higher education in the innovation process  
Review of evidence on the role of higher education in the innovation process, on implications at the regional level, and on policy effectiveness.
- 76 Constraints on innovating small businesses  
Summary of literature on constraints faced by innovating smaller business, and assessment of need for further Welsh research.

## Encouraging entrepreneurship

- 77 Economic role of small firms  
Review of the economic case for supporting small firm creation and growth, and review of literature on what works.

## Developing the learning country

### *Lifetime learning:*

- 78 Evidence on returns to education [ERU: due to start 2002/3]  
Summary of evidence on returns to education, and how the returns vary by subject and level of education.

### *Economic activity:*

- 79 Responsibilities for care as a barrier to employment  
Review of evidence on care responsibilities as a reason for not being economically active, and of the effectiveness of policy in this area.

## Promoting information and communication technologies

- 80 Case for support to IT infrastructure and networks  
Review of economic case for support to IT networks and summary of evidence on effectiveness.

## Supporting business

- 81 Effects of inward investment  
Summary of existing research on the economic effects of inward investment.
- 82 Role of firm turbulence in resource re-allocation  
Summary of research on the role of firm and plant creation, destruction and ownership change in economic growth.
- 83 Market failure and the case for intervention  
Review of the economic account of why markets fail, and of when and how governments can remedy such failure.

## Setting a fresh direction

- 84 Review of alternative measures of development [ERU: in progress]  
Review of alternative/complementary measures, and assessment of priorities for further development.

## Improving transport

- 85 Transport and economic development  
Summary of evidence on the role of transport in promoting economic development.

## Creating strong communities

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| 86 Effectiveness of intermediate labour market policies [ERU: in progress]  | Review of evidence on what works in respect of intermediate labour market policies.   |
| 87 Discrimination and the gender pay gap [ERU: in progress]                 | Summary of what is known about the extent of the gender pay gap and the role of discrimination in explaining that gap.                      |
| 88 Discrimination and ethnic pay gaps                                       | Summary of what is known about the extent of the ethnic pay gap and the role of discrimination in explaining that gap.                      |
| 89 Effectiveness of active labour market policies                           | Review of evidence on what works in respect of active labour market policies.   |
| 90 Effectiveness of physical regeneration programmes                        | Review of evidence on what works in respect of physical regeneration.   |
| 91 Effectiveness of community development programmes                        | Review of evidence on what works in respect of community development.   |
| 92 Child poverty - causes and consequences                                  | Summary of what is known about the extent of child poverty, its causes and consequences.  |
| <b>Supporting rural Wales</b>   |   |
| 93 The "rural economy"; definitions and evidence                            | Summary of extant information and evidence on the socio-economic circumstances of the more rural parts of Wales.                            |
| <b>Improving the evidence base</b>  |   |
| 94 Regional productivity and growth; causes and policies [ERU: in progress] | Summary of existing research evidence on the drivers of regional economic growth.   |
| 95 Economic impact of one-off and flagship projects                         | Summary of existing evaluations of such projects, with general lessons identified.  |
| 96 The nature and use of economic models                                    | Review of regional economic modelling; classes of models, strengths and weaknesses, potential for further development in the Welsh context. |
| 97 Small states - critical success factors                                  | Review of evidence on the factors that have driven the performance of more successful smaller states.                                       |