

## **A Framework for Regional Investment in Wales: A proposal for Monitoring and Evaluation**

Robust and effective monitoring and evaluation activities play a crucial role in all policy and programme delivery. It is vital for regional development policy and can be exemplified in two respects: 1) providing formative ongoing data about the delivery of, and progress being made by, different kinds of intervention<sup>1</sup> and 2) providing accountability and assessing whether regional investment funds are being spent such that any funded activity achieves the outcomes intended.

It is important however to recognise the distinction between monitoring and evaluation as two separate but complementary activities.

Monitoring, within the context of regional investment can be seen as the ongoing practice of gathering, recording, collating, verifying and sharing data detailing what a funded intervention is delivering. The data should be such that at any point in the delivery of the intervention it should be possible to analyse this data to understand what is being delivered, where, and what progress is being made against designated indicators.

Evaluation within the context of regional investment is the objective process of understanding how an intervention (at a chosen scale) is being/was implemented, what effects it had, for whom, how and why. Evaluation should also examine the longer term effects and impacts of an intervention. In this respect it should also be timely to provide stakeholders at all levels with robust feedback on whether an intervention is achieving the desired outcomes. Perhaps more importantly it should also identify when and why interventions might not be achieving what they were designed to do, in order for lessons to be learnt both within the intervention lifespan and for future intervention design and implementation.

To improve understanding the new system needs to have a common vocabulary and terminology, appropriate and proportionate to each level in the system. There needs to be a clear and understood rationale at all levels for the data gathering and reporting requirements in the new system. Previous experience in the delivery of EU funded interventions suggest a lack of clarity in monitoring and evaluation requirements at the project delivery level, in terms of the ultimate purpose of each element may have resulted in confusion in understanding the reasons for reporting.

There is also a perception that in the current system 'audit' and 'monitoring and evaluation' data reporting have been regarded as two sides of the same coin with monitoring data required to be of auditable standard. It is recommended that an explicit distinction is made between timely monitoring data, which can be used to provide ongoing progress reporting, and 'auditable' quality data which requires added time for checking and verification at a number of levels.

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<sup>1</sup> Given the varied nature of the funding 'Intervention' here is used to refer to activity at all scales – the national programme as well as regional policy and individual locally delivered projects.

It is proposed that overarching 'Principles for a future Regional Investment monitoring and evaluation framework', should influence decisions, expectations and fundamental requirements of monitoring and evaluation activity, these are:

- Ensure the provision of evidence on the performance of the regional investment system at the national, regional, thematic and individual project level
- Balance between formative learning and accountability
- Where appropriate, adopt indicators that are comparable across geographic areas and align to strategic Welsh Government objectives
- Encourage the use of the highest quality evaluation methods wherever possible
- Encourage the use of evidence and analysis throughout the policy cycle
- Be proportionate
- Consider as broad a range of outcomes as possible within constraints of resource and methodological feasibility
- Ensure all parties understand their responsibilities in relation to monitoring and evaluation and, furthermore, understand how their activity contributes to the overall aims of the monitoring and evaluation framework
- Be underpinned by a system of support and guidance that enables all parties to discharge their responsibilities effectively
- Ensure evaluation findings are published in a timely manner, are easily accessible, recognise the partners involved and are actively disseminated to interested parties for formative purposes to inform future project design.

### **Commitment to Funding Monitoring and Evaluation**

The OECD has identified under-investment in monitoring and evaluation as a key pitfall to avoid in relation to regional development policy<sup>2</sup>. Under-investment in evaluation has been an issue in regional and local development funds elsewhere, which has led to problems around accountability and a lack of understanding about the relative effectiveness of different interventions<sup>3</sup>.

Under EU funding, monitoring and evaluation has been funded through Technical Assistance and project budgets. This has helped establish and support monitoring and evaluation as a mainstream activity both within Welsh Government and in other organisations receiving EU funding. This has been noted across EU member states<sup>4</sup>.

The Regional Investment in Wales after Brexit engagement exercise found broad support for strengthening monitoring and evaluation systems in the future (while also making them more proportionate)<sup>5</sup>. These sentiments were also highlighted during

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<sup>2</sup> OECD (2018) *Rethinking Regional Development Policy-making*

<sup>3</sup> In relation to the Local Growth Fund & Local Enterprise Partnerships – NAO (2019) *Local Enterprise Partnerships: An update on progress*; House of Commons Public Accounts Committee (2019) *Local Enterprise Partnerships: Progress review*

<sup>4</sup> Polevari et al (2015)

<sup>5</sup> OB3/Regeneris (2018) *Regional Investment in Wales After Brexit: Engagement Exercise – Summary Report*

the External Affairs and Additional Legislation Committee's inquiry into regional investment after Brexit<sup>6</sup>.

It is widely acknowledged that ensuring there is sufficient capacity at all levels of a regional investment system is crucial<sup>7</sup>. A commitment to sufficient funding for monitoring and evaluation activity within future Regional Investment funding is key to ensure that interventions can be designed and implemented based on robust evidence of what has proved successful, while also allowing space for innovative approaches to be trialled.

Expenditure on both monitoring and evaluation can cover a range of costs: the cost of suitable systems to ensure robust monitoring data is gathered, budgets for effective formal evaluations, and for building institutional monitoring and evaluation capacity by ensuring there are sufficient staff with the right skills to carry out effective monitoring and evaluation activity at all levels. Increased dedicated monitoring and evaluation resource and capacity across the system would allow project managers and other funding administrators to focus on delivery and may lead to longer term efficiency savings.

We propose regional bodies are given responsibility for undertaking their own appropriate monitoring and evaluation activity, capacity building at the regional and local level will therefore be particularly important.

### **Proposed Structure for Monitoring and Evaluation**

It is envisaged that the future regional investment system will consist of strategic programmes at a pan-Wales level as well as programmes and activity in the regions and locally, each of which will be delivering a range of individual projects. Regional decision-making over funds corresponds with Welsh Government commitment to promoting more transparency in regional and local democracy, performance and governance as laid out in The Local Government and Elections (Wales) Bill.

We propose a co-ordinated, collaborative system of monitoring and evaluation activities at both the national and regional level be developed. In addition, a proportional approach to include activity at the local level encompassing community led local development should be included<sup>8</sup>.

**At the Welsh Government level** – As is the case now, Welsh Government would require a team of professional researchers and analysts, either centrally funded or funded by relevant policy areas. Welsh Government should be responsible for setting the strategic national priorities for monitoring and evaluation activity. The role would also include setting the strategic indicators used in the monitoring & evaluation system as a whole and co-ordination and facilitation of data gathering to ensure that evaluation activity at all levels contributes to assessment against the national priorities. The Welsh Government role would also include developing and managing

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<sup>6</sup> External Affairs and Additional Legislation Committee (2017) *Inquiry into the future of regional policy - what next for Wales?*

<sup>7</sup> OECD (2018) *Rethinking Regional Development Policy-making*

<sup>8</sup> CLLD activities are often used to pilot innovative approaches to delivery as such the monitoring and evaluation of CLLD will sit outside , but contributing to this framework.

evaluation activity for national level programmes and projects and providing support, advice and professional analytical support to regional monitoring & evaluation teams. In order to prevent duplication and to encourage co-operation between all levels of the system the Welsh Government role should include a degree of oversight/co-ordination of planned evaluation activity at all levels, and would therefore need to create links with regional and local teams and structures.

Welsh Government could also be responsible for drawing together suitable overarching Thematic / Meta – Evaluations<sup>9</sup> of investment activity across all regions and all levels of activity.

**At the regional level** – A substantive element of monitoring and evaluation should take place at the regional level, contingent on the regions' capacity to deliver robust monitoring and evaluation. Each region would have its own monitoring and evaluation team and would determine how evaluations of regional and local programmes should be carried out and be responsible for ensuring delivery of this activity. Monitoring and evaluation teams would be a key component of the regional structure and be required to co-ordinate activity with multiple partner organisations. In addition, regional teams would be responsible for ensuring relevant monitoring data is collected from projects and ensure this is relevant and proportionate to satisfy both regional evaluations and to be aggregated/analysed to support national monitoring and evaluation. We would also expect regional teams to support monitoring and evaluation activity at a local level and ensure that evaluation of community projects is coordinated effectively between regions.

At each level monitoring and evaluation teams would be required to play a vital role in the policy and funding decision process by ensuring decisions and plans are informed and supported by high quality evidence.

Firstly, evaluation teams should work closely with staff responsible for developing and planning projects to provide advice and guidance informing them of relevant monitoring and evaluation requirements. This aims to foster improved familiarity with and understanding of the programmes being delivered in the regions. In developing this level of specialism and expertise, regional teams would be in a better position to identify and understand local and regional need. The monitoring and evaluation evidence gathered by these teams should be supplemented by using suitable research evidence to encourage innovation in approaches to meet specific need – including using evidence gathered from evaluation of community led local development approaches.

Secondly, monitoring and evaluation activity should not be perceived as a “top down” process of the Welsh Government checking up on the regions. As well as making decisions on investment and funding, regions should have ownership of monitoring and evaluation activity in their area. At the same time, it is recognised that system-level oversight by Welsh Government at the national level and effective collaboration with regional Monitoring and Evaluation teams to plan activity will be important to ensure the quality, consistency and impact of monitoring and evaluation at all levels.

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<sup>9</sup> Aggregating and synthesising findings from a number of individual evaluations across the system.

In the period of transition from national to regional delivery of the investment programme, we anticipate monitoring and evaluation activity be the responsibility of the national team/staff to allow for such capacity and expertise to be developed.

Our recommendation is for all projects to be subject to monitoring requirements and to develop a system that allows for both a common set of indicators that can be applied across the regional investment system, to both national and regional programmes and projects, while also allowing for regional decisions to be made on additional indicators in specific interventions. We suggest two broad types of indicator.

Firstly longer-term, population-level outcome indicators that would provide information on the overall social and economic conditions within regions and across Wales as a whole. These should also allow for the interrogation of data at 'sub-regional' level to ensure that more granular analysis can be undertaken.

Secondly performance indicators which will measure the direct output and outcomes of all projects. By adopting a common set of performance indicators, our expectation is that it will be possible to aggregate outputs and outcomes achieved by projects up to both the regional and national levels. This second level of performance indicator will also need to consider how progress can be monitored to contribute to the delivery of the horizontal themes which will be common across all funded delivery.

Longer term performance indicators will be aligned with existing strategic outcome frameworks specifically those already in place under the Well-being of Future Generations Act. Our initial approach to collecting data for these indicators will be via surveys of direct beneficiaries and those delivering interventions, with consideration given to new and innovative data collection methods to increase participation rates. These will be managed at the national level. We will also continue to explore the potential for linking data on beneficiaries to other administrative data sets (see paragraph below).

The common indicator set will be developed in advance of the regional investment programme coming into effect in consultation with stakeholders. The intention will be to develop a broad set of indicators able to capture a range of outcomes. However, we acknowledge the possibility that regions may develop projects which do not fit well with the initial indicator set. As such flexibility for regions to propose new indicators that can be adopted into the common indicator set should be built in to the framework.

### **Scope of activity at each level**

As outlined above, it is envisaged that evaluation should take place at both the project level (assessing the effectiveness and contribution of individual interventions) and the programme level (assessing the overall effectiveness and contribution of a combination of interventions). There would also be an opportunity for evaluation to take place thematically to meet strategic needs.

The attraction of programme level evaluation is that it should give us an insight into the overall impact of regional investment funding as a whole.

Proportionate evaluations at both programme and project level would provide valuable formative learning about the effectiveness of specific interventions, assess progress against planned longer term outcomes as well as enabling thematic/meta-evaluation of progress at a national level. We want an evaluation system that provides policymakers with useful information on what kinds of intervention are most likely to be effective, to do this requires evaluation of individual projects. Formative project evaluation also allows for valuable evidence to inform the successful delivery of the project during its lifetime.

There may be some scope to combine evaluations of certain types of projects which have similar designs and objectives – for example different projects providing employability support. However, the potential for this will not be clear until the process of selecting projects begins. As such, strategic decisions about grouping projects for evaluation purposes are best left to monitoring and evaluation teams who will have a better understanding of the content of their programmes.

We suggest beginning from the assumption that process evaluation will primarily take place at the project level, with monitoring and evaluation staff being tasked with exploring the scope for evaluations that encompass multiple projects. Appropriate evaluation of impact will also need to be considered at project level.

As outlined above, the Welsh Government monitoring and evaluation team could play a role here in working in partnership with regional teams by co-ordinating and facilitating suitable activity to ensure that there is a) no duplication of effort/expenditure, b) that all monitoring and evaluation activity can be seen to complement and support all levels of the system and; c) that there is scope for individual project level monitoring and evaluation to contribute to national programme wide monitoring and evaluation activity which may include wide-ranging thematic reviews as previously discussed.

This final element might require Welsh Government to assess the overall coherence of programmes and the extent to which different projects complement each other or could include 'cross-project' evaluation of particular themes – for example the extent to which the horizontal themes are being implemented across the programme. In order to do this agreement on suitable indicators and processes for gathering and analysing such data will need to be built into the design of the programme monitoring systems.

## **Data linking**

Data linking would entail linking information collected via the monitoring system on direct beneficiaries of regional investment funding (for example businesses and individuals receiving support) to administrative datasets collected by other public bodies. Examples of these administrative datasets might include the Inter-Departmental Business Register and data held in the SAIL (Secure Anonymised Information Linkage) Databank as well as other large datasets in future to allow for linking of employment, health and education data.

Linking to this data would allow us to gain a better understanding of the longer term outcomes for beneficiaries of projects funded through regional investment, potentially reducing the need for surveys. In addition, it would facilitate greater use of high quality counterfactual impact evaluations<sup>10</sup>, enabling us to have a better understanding of the difference being made by regional investment funding and to develop a better understanding of what works in the different policy areas.

Exactly which datasets we would use will need to be determined by decisions about the policy framework for regional investment and will depend on the data that is likely to be available. However, we need to ensure that we take steps that mean data linking can be carried out in the future, in particular ensuring that we collect the necessary data on beneficiaries to facilitate this.

Ideally this would be gathered and verified at the local level, with responsibility for storage of this data resting at the national level. A pre-condition of collection of this data would be the need to ensure that potential future data linking is covered in privacy notices.

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<sup>10</sup> Counterfactual impact evaluation (CIE) is a method of comparison which involves comparing the outcomes of interest of those having benefitted from a policy or programme (the “treated group”) with those of a group similar in all respects to the treatment group (the “comparison/control group”), the only difference being that the comparison/control group has not been exposed to the policy or programme.  
<https://ec.europa.eu/jrc/en/research-topic/counterfactual-impact-evaluation>