

By email

12th March 2023

Paul Davies MS

Chair of the Economy, Trade and Rural Affairs Committee

Dear Paul

Thank you for the opportunity to provide evidence to the Economy, Trade and Rural Affairs committee inquiry on the green economy ahead of my evidence panel session. The Committee will be aware that in November I published [Cymru Can](#), my new strategy for the seven years of my term as commissioner. As part of this strategy, I have made it one of my missions to help transition Wales to an economy that puts people and planet first. I would like to see government at all levels working together with communities and business to make this happen.

What we know about prevailing economic models is: that they use natural resources at a faster rate than can be replenished; that driving down the price of goods can lead to unsustainable and unethical practices; and that the gap between the richest and the poorest in society continues to widen.

Continual economic growth is often seen as the goal, but the Well-being of Future Generations Act provides a broader measure of success. Our Well-being Goals describe A Prosperous Wales as an *“innovative, productive and low carbon society which recognises the limits of the global environment and uses resources efficiently and proportionately”*. It also emphasises skills, education, and fair work in generating wealth.

There are two main elements to take this forward:

1. All economic policies and plans in Wales need to consider how they maximise benefit across all the Well-being Goals so that our **whole** economy becomes ‘greener’ - to meet the definition of a Prosperous Wales.
2. We must focus on areas of growth in the sectors where there is potential to create green jobs whilst simultaneously, improving environmental resilience and improving well-being in communities.

This raises questions around how we create:

- an economic model that exists within planetary boundaries and affords everyone a decent and healthy standard of living.
- more jobs in nature to prioritise long-term solutions to the nature crisis and species loss alongside net zero (for example, Nature Service Wales).

- a more equal, accessible and diverse workforce where more Black, Asian and minority ethnic people, people with disabilities, and women entering this skilled, green workforce.
- a sustainable, circular economy, where wastes create a by-product value chain and replace our reliance on our natural resources and carbon intensive processes.
- food production and supply which works regeneratively in nature and offers a sustainable future for producers and processors, whether in Wales or the global economy.
- Community wealth building where the benefits from carbon sequestration, financing nature restoration and renewable energy are retained within the local and rural economy.

For a green, well-being economy to become the reality here in Wales, we must consider what we need it to provide (towards social, cultural, environmental, and economic well-being) and recognise where current practices do not take us there. We must **prioritise** investment on things that enable us to act urgently to address longer-term trends and needs, such as nature depletion and food security, for example; and **stop** investing in measures that move us further away from our well-being goals and [national indicators](#). Such an approach requires long-term thinking and collaboration at the interface of different policy areas.

In my [written evidence](#) to the Senedd Finance Committee on 18 January this year on the scrutiny of the Welsh Government's strategic budget, I outlined my concerns about a lack of evidence of preventative thinking and decision making for the long term. Overall, I felt there was a lack of demonstrating how the Well-being of Future Generations Act had been applied and what difference it had made to investment decisions. Budgetary constraint is not a justification for not applying the Well-being of Future Generations Act. On the contrary, it is even more reason to think and act differently.

The green economy must be embedded across all layers of economic policy and delivery:

Moving to a green, well-being economy in Wales will require a major transition at all levels of economic policy and delivery. At national level, I am encouraged by the direction of travel of the Welsh Government's economic mission, and its commitment to reviewing the mission's progress against the Well-being of Future Generations Act.

Corporate Joint Committees (CJC) are required to develop well-being objectives– and I look forward to working with them, particularly as they collaborate with the Growth Deals, around the contribution of their regional economic strategies to Wales' well-being goals.

I am currently reviewing the well-being objectives of Local Authorities and Public Service Boards (PSBs) and I can see the emergence of objectives around foundational economy, circular and the green economy. It is essential that all these layers of economic governance pull together in the same direction to achieve the well-being goals.

I have been encouraged by work happening in southeast Wales via the Cardiff Capital Region (CCR) team to encourage climate action with businesses. The team has been doing some excellent involvement through its Business Climate Coalition hosting events for businesses in the region to engage on what they need to do and why it's important. Businesses, including SMEs and sole traders, are learning about behaviour change theory, circular economy principles and the need to act urgently on climate change.

We must mobilise business behind Wales' well-being goals:

We cannot achieve Wales' well-being goals without businesses playing their part. I am encouraged by the interest I have seen in the Well-being of Future Generations Act from the private sector. Large and small Welsh companies are aligning their corporate strategies to Wales' well-being goals – and my team has been working with the Welsh Government on a Well-being of Future Generations toolkit for Small and Medium Enterprises (SMEs). I believe there are more opportunities for action, collaboration and investment from the private sector that the Welsh Government and the wider public sector can unlock. This would mean developing a national approach to involving business in the well-being goals and would mean developing clear and consistent communication of the well-being goals, 'a golden thread', across all the points at which the public sector interacts with the private sector, for example from the Economic Contract through to the technical assistance, grants, and finance available to business from the public sector, along with public body procurement policies.

Procurement is still an opportunity were not fully grasping:

My team has also been working on how procurement processes can promote the application of the Well-being of Future Generations Act. By asking suppliers to consider their Well-being Impacts and to describe the positive contribution their commercial activity could have on the economic, social, environmental, and cultural well-being of Wales, this approach could support the development of Wales-based supply chains in green economy sectors.

The green economy should promote community wealth building:

Wales is a relatively small nation, but this means we can be agile enough to do things very differently. We are a country of abundant renewable, natural resource which can be used to meet our energy needs and restore biodiversity in a net zero and nature positive Wales. However, we must learn from the past and do everything in our gift to ensure that the benefit of this stays within Wales and within local communities.

The Economy Minister has stated his intention to develop a foundational economy lens to renewable energy and low carbon transport – and develop supply chains for the green economy in Wales. This is an approach that CJs and local authorities should adopt across their economic plans. My own

background in the social enterprise and co-operative sector has shown me how these business models, which are prominent within community wealth building approaches, are well-suited to building a well-being economy.

There is potential to create green jobs whilst simultaneously, improving environmental resilience and improving well-being in communities:

Food production, supply and procurement must be prioritised as a green economy sector. We already have a highly skilled workforce in our rural economy, but like so many other industries, in this current climate of change, our farming community and all ancillary sectors must be supported to transition in a way that is just. Opportunities should also be maximised through growing the scope of the National Nature Service, for example, to bring together a skilled workforce of new entrants in agroecology and nature-based solutions with our farming sector.

We must address barriers to change:

My team and I will focus on addressing barriers to change, challenging outdated concepts of economic growth at any cost. We must align how we think about our economy with wider well-being considerations - demonstrated by the 50 National Well-being Indicators. How we measure success is key and requires a system change beyond monetary value and traditional economic measures like GDP, alone. There is an opportunity to create a culture across all sectors which is inclusive, and values driven.

One way I am doing this is through our [Future Generations Leadership Academy](#). The Academy provides the opportunity for businesses in Wales to enrol their own future leaders each year. What they learn equips them with the skills to go back to the organisation and shape corporate plans around sustainable development and the Well-being Goals. These same businesses are also supporting the Academy to make spaces available for a wider cohort of under-represented individuals to take part, with the aim of reducing inequality and disadvantage across Wales.

I look forward to discussing these points further with you and the Committee in my evidence session next week.

Yours faithfully,



Derek Walker

Future Generations Commissioner for Wales