

PAPER TO THE ENTERPRISE AND BUSINESS COMMITTEE DEVELOPMENT BANK FOR WALES

Introduction

1. Access to external finance for business start-up and investment for growth in SMEs is fundamental to sustainable economic growth but has been considerably constrained since the start of the financial crisis. In 2012, I commissioned work to examine access to finance for Welsh-based SMEs. As a result, I requested a feasibility study into the creation of a Development Bank for Wales.

Feasibility into the creation of a Development Bank for Wales

2. The Panel who have undertaken the Feasibility Study was chaired by Professor Dylan Jones - Evans and I was delighted to attract a number of experts who provided high level advice in a number of key areas. I would once again like to thank them for their individual contributions in completing the Study.
3. I published the Panel's Study on the 10th of March 2015. It offers a detailed analysis into the potential mission, role and operations that a Development Bank could undertake. It considers the strategic case and options to address the funding gap offering six alternatives.
4. A key principle is that a Development Bank should not displace the private sector but address the market failure in the provision of finance to SMEs. To do this successfully, it must actively engage with the private sector to ensure that businesses identify the most appropriate funding solutions.
5. The Study also examines the need for closer ties between the Welsh Government's financial support offer and the business support regime, as well as examining how to secure greater levels of private sector funding. This aligns closely with the findings of Robert Lloyd Griffiths' work into aligning the Welsh Government's financial and non-financial support for SMEs.

Latest Developments

6. As I published the Study, I sent a copy to the Chair of this Committee and the Chair of the Finance Committee given their earlier inquiry. I am aware that the Finance Committee has requested the opportunity to invite Professor Jones - Evans and Robert Lloyd Griffiths to attend one of their future scrutiny sessions.
7. I made an Oral Statement at Plenary on the 17th of March inviting comments from Members. I was pleased with the level of interest and support across the Chamber.
8. I look forward to attending the Enterprise and Business Committee with Professor Jones - Evans and Robert Lloyd Griffiths and to hearing the views of Members in more detail.