Written Submission from the
European and External Relations Committee

1. The European and External Relations (EER) Committee reports to the Equal Opportunities (EO) Committee as follows—

Introduction

2. The EER Committee considered the Europe and External Affairs portfolio of the Scottish Government Draft Budget 2012-13 (“the draft budget”) at its meeting of 1 November 2011.

3. The Committee received written evidence from the Network of International Development Organisations in Scotland (NIDOS), the Scottish Catholic International Aid Fund (SCIAF) and VisitScotland, and both oral and written evidence from the Cabinet Secretary for Culture and External Affairs.

4. In requesting written evidence from stakeholders in addition to the questions required to report to the Finance Committee, the EER Committee asked the questions proposed by the EO Committee:

- What budget decisions (to increase, maintain, decrease or refocus funding) will have the most significant impact on equalities? On what evidence is this finding based?

- To what extent are these budget decisions also identified in the Scottish Government’s accompanying Equality Statement?

- Overall, which equalities groups/strands are most likely to be adversely affected (and/or best protected) by budget decisions? What led the Committee to reach this conclusion?

Evidence received

5. In the written evidence received by the EER Committee, only NIDOS made comments relating to equalities and its submission is annexed to this report. The comments focused on the International Development:

*What budget decisions (to increase, maintain, decrease or refocus funding) will have the most significant impact on equalities? On what evidence is this finding based?*

The maintenance of the international development fund will have a positive impact on equalities as a significant proportion of the funding will go to projects and programmes where disadvantaged groups within communities will be particularly supported – including women, disabled people, young people, those stigmatised within their communities because of caste or sexuality etc.
To what extent are these budget decisions also identified in the Scottish Government’s accompanying Equality Statement?

There is very little reference in the Equality Statement in regard to the international development fund or the external relations spending, most of the comment focuses on the Culture element.

Overall, which equalities groups/strands are most likely to be adversely affected (and/or best protected) by budget decisions? What led the Committee to reach this conclusion?

Again, very little to comment in relation to the International Development programme, as the focus will remain on supporting particularly disadvantaged groups within communities abroad.

Preventative approach

6. The Finance Committee agreed the recommendation of its predecessor committee that scrutiny of preventative spending should be integral to the annual budget process and so the EER Committee has agreed to pursue the progress which has been made within the Draft Budget 2012-13 in shifting towards a more preventative approach.

7. NIDOS commented that spending on external relations could also be seen to have ‘preventative’ elements. Specifically on equalities, NIDOS stated:

‘Generating commitment to communities outside our borders generates international understanding and, if well communicated through the Scottish media, by work in schools and communities in Scotland, can build a more tolerant society here. This enables greater inclusion of minority groups including black and minority ethnic communities, refugees and asylum seekers – this can prevent discord and reduce crime and hate in communities in Scotland.

8. In oral evidence, the Cabinet Secretary agreed, saying that the Scottish Government was “putting preventative spending into action on a global scale through international development funding”\(^1\). She gave examples particularly in relation to the social dimension of Government’s international development work, such as support to children in other countries and the climate change agenda.

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Annex 2

Written evidence from NIDOS

NIDOS congratulates the Scottish Government and the Cabinet Secretary for Culture and External Relations, Fiona Hyslop MSP, on maintaining the international development fund at its current level of £9 million, in the draft budget for 2012-13 and in the plans for the following two years. We appreciate the many demands that are on the Scottish Government during these difficult financial times but welcome the fact that the Government is proposing to retain its support for communities in very low income countries who are under even greater economic hardship than those in Scotland and who have suffered most from the global economic crisis. We also applaud the many people in Scotland who have also shown their continued support and solidarity with these communities both through their continued donations to international charities and through their solidarity with communities abroad.

NIDOS will continue to work with our member organisations and others in Scotland to build the effectiveness of international development initiatives from Scotland including those of our members, whose work is in over 100 countries across the world. We want to ensure that this aid continues to be spent effectively and in a transparent way, both in Malawi and in the other countries in Africa and Asia where the Scottish Government funds projects, as does the Scottish Government.

Although the Scottish Government’s focus on ‘Preventative’ approaches for this budget is mainly in relation to domestic spending to tackle Scotland’s social and economic problems, spending on External Relations could also be seen to have ‘preventative’ elements:

- Generating commitment to communities outside our borders generates international understanding and, if well communicated through the Scottish media, by work in schools and communities in Scotland, can build a more tolerant society here. This enables greater inclusion of minority groups including black and minority ethnic communities, refugees and asylum seekers – this can prevent discord and reduce crime and hate in communities in Scotland. On this basis we would encourage the Scottish Government to use some of the international development fund to provide grant support for Development Education initiatives in Scotland (ring fencing 3% of the IDF budget for such projects).

- Building a good reputation abroad (through both the international development programme and the more commercially focused external relations plans with India, China etc) will help build economic relations and stimulate trade. If the Government sets useful conditions (such as ensuring local content requirements for inward investment) for such inward investment or trade, this could generate good quality jobs and economic benefit for poor communities in Scotland.

- The Scottish Government, through the civil society capacity building elements of its international aid programme, will also contribute to building a ‘preventative’ agenda by helping communities in low income countries to build their skills and experience in requiring greater transparency in the use
of aid – thus preventing mis-use of aid funds and strengthening the effectiveness of programmes. We encourage the Scottish Government to support such initiatives.

On the following questions from the Committee, NIDOS will mainly focus on the International Development Fund element of the Europe and External Relations budget as this is our area of expertise, but will comment on other areas where we have some experience.

Have there been any changes made to the Europe and External Affairs budget from 2011-12?
The International Development Fund is being maintained at £9 million per year for the budget in 2012-13, as in 2011-12, and then retained at this level for the following two year’s plans. This is positive, despite the fact that this is a reduction in actual value due to inflation by 2011-12 terms, as there are some cuts in other elements of the International Relations budget in 2013-14 and 2014-15.

Are any decisions to maintain or increase expenditure considered to be sustainable?
This maintenance of the International Development Fund is sustainable in that the fund delivers (in addition to the prime purpose of delivering real improvements in economic status and well-being for poor communities in the targeted developing countries) a number of important wider outcomes for Scotland, some of which will have an economic and social benefit in Scotland, including among young people and in the early years:
- Enabling Scotland to be a responsible nation in the world and to deliver on national outcomes related to ensuring that our young people become responsible citizens.
- Developing and maintaining a positive reputation for Scotland abroad, showing that a small nation can take its place in ensuring a more just and equitable global community, which will support Scotland’s aim to develop and expand its economic relationships and trading internationally.
- This fund, though primarily focussed on the funding of projects abroad which directly benefit communities in poverty, does also support networking agencies. These agencies are adding value and making the spend more impactful: by building the effectiveness of Scottish international development agencies abroad, to ensure that they have a greater impact and so strengthen Scotland’s contribution to tackling poverty; by building Scotland’s engagement with Fair Trade and achieving Fair Trade Nation status; building engagement between Scottish communities (schools, community groups, health agencies etc) and communities abroad to build international understanding and collaboration.

NIDOS is also keen to see added value being brought to the use of the External Relations budget over the next few years, by seeing the government developing a more cohesive approach to their more commercially focused external relations spend and the international development programme. NIDOS does not see this being achieved by the diversion of any of the £9 million in the International Development programme into supporting Scottish
Businesses, but rather in ensuring more complimentarity in aims between these two areas of operation under the External Relations policy and budget.

We see this being achieved in a number of ways, for example:

- The development of a more cohesive strategy for work with Scottish businesses developing operations abroad so that this work adds value to the international development programme, and certainly avoids detracting from it. For example, where existing Scottish Government support is given to stimulate Scottish businesses to expand their operations abroad it has conditions on it which ensures that these businesses operate ethically abroad i.e. pay their corporate taxes in these countries, maintain equal environmental policies and workers’ rights in which ever country they operate in (irrespective of whether this country requires it or not). Also, where business advice given to companies developing abroad includes information on building local content (jobs for local people in these countries, joint ventures with locally owned businesses, etc) into their business models.

- Increased focus on Scottish Government procurement which meets fair trade and ethical business standards (sourcing products which are fairly traded, low environmental impact, from social enterprises/local cooperatives where small producers benefit, etc)

- Support for brokering relationships between international development organisations and Scottish businesses operating abroad, for their mutual benefit. This could result for example in international development organisations/charities benefiting from businesses through such inputs as finance, technical expertise, policy advice and influence; and where businesses benefiting from charities providing information / local knowledge on areas such as access to new markets, improvements in ethical business policies and practice, supply chain improvements.

- Investigating how Scottish expertise in renewable energies and in water management could add to the economic and social benefit of developing countries by enabling them to develop greater resilience to climate change and its impacts. This does not mean that most or all of the international development budget should be diverted to projects which include renewables and water as key components, but rather that businesses with these areas of expertise are encouraged to provide their input to development projects and so add value to international development initiatives.

In the overall scale of the budget, Scotland is only spending 0.027% of its annual budget on the international development fund. This is a tiny fraction of overall spending but punches well above its weight in developing a positive reputation for Scotland abroad. At the UK level (which Scotland is part of) the planned level of international development spending is 0.7% of Gross National Income, the target level agreed internationally. Since GNI is roughly 2-3 times the size of the UK government budget, 0.7% of GNI equates to roughly 1.5% -2% of UK government budget.
What are the future spending trends within the budget line?
The Government plans to maintain this level of funding (£9 million/year) for the international development fund over the next three years. In this economic climate this is positive as, despite the value of this £9 million dropping each year due to inflation, other sections of the budget are being cut in actual terms.

Are there any assumptions that are being made about efficiency savings within budget line?
NIDOS is not aware of any assumptions regarding efficiency savings within the budget line. However, as indicated in our response to the E&ERC’s Enquiry into the International Development programme spending in 2010, we believe that the Scottish Government’s administration systems for the International Development Fund could be made more efficient, primarily through:

- Clear, well timed and well communicated funding rounds which have an adequate lead-in time to allow for: well researched applications with input from partners in developing countries; quality assessment processes and grant awards given in time to enable project’s to start on 1st April each year; greater transparency of decision making by the Scottish Government. This avoids the problems of rushed applications lacking adequate consultation with partners abroad; spending under pressure within financial years, due to delays in receiving grants; etc. Within this, it is crucial to give advance warning (i.e. within at least the same type of time frame of 6 months plus, though the more the better for good planning by applicants) of which countries, and with which associated strategic focus for each country/region, applications are going to be called for.
- Clear, more detailed and timely feedback to unsuccessful applicants so that they can strengthen future applications.
- Good tracking systems for management of project monitoring and evaluation reports, with clear and timely feedback on project progress reports
- Investment in quality external evaluation of the impact of the overall international development programme – there has been some evaluation of the impact of individual projects but little review of the overall programme and policy

The presentation of the budget information provided by the Scottish Government.
The presentation of the budget information was helpful.

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European and External Relations Committee
16 November 2011