Dear Kenneth,

I am writing on behalf of the European and External Relations Committee (EERC) to highlight various key issues to the Finance Committee regarding the Europe and External Affairs (EEA) section of the Scottish Government’s draft Budget 2016-17.

Attached to this letter is a SPICe briefing which sets outs detailed analysis of the EEA draft Budget, drawing on the level 4 figures provided by the Scottish Government (Annexe A).

In advance of the publications of the Draft Budget 2016-17, the EERC requested information by correspondence from the Scottish Government due to the tight timescales involved. The information provided by the Scottish Government in response to this request is referred to below, and is attached at Annexe B.

**EEA Budget**

The EERC notes that the overall EEA draft Budget 2016-17 has decreased by £1.65 million, from £17.89 million to £16.24 million. This is a cash reduction of 9.2% and a real terms decrease of 10.7%. The EEA budget has two main budget lines: Major Events and Themes Years, and International Relations. There has been a reduction in cash terms of £0.8m in the Major Events and Themes Year, which is a reduction of 24.7% in cash terms and 26% in real terms. The International Relations budget has been reduced by £0.85m in cash terms, which represents a reduction of 5.8% in cash terms and 7.4% in real terms.
The EERC recognises that there has been an overall reduction in the Scottish Government’s block grant, but has concerns regarding the scale of these reductions. The EERC is specifically concerned that they will affect the Scottish Government’s international engagement and its commitment to deliver “an enhanced level of engagement” and deliver the four strategic objectives set out in Scotland’s *International Framework*.

**Major Events and Themed Years**

As noted above, the budget for the Major Events and Themed Years has been cut by 24.7% in cash terms from £3.24 million to £2.44 million. The EERC notes that the Scottish Government’s explanation in the level 4 figures for what this budget line buys is the same as the one provided in the 2015-16 budget, and includes reference to the Year of Food and Drink 2015. The Committee considers that the explanation for the reduction in the funding provided by the Scottish Government - that it “reduces ability to respond to in-year opportunities and pressures” - could be clearer and will ask the Scottish Government for further explanation on what this budget line will be spent on in 2016-17 and on the impact of the reduction in the Major Events and Themed Years budget line.

**International Relations**

The EERC welcomes the maintenance of the International Development budget line in the context of the reductions in most of the other individual level 4 headings in the International Relations budget line. Funding for International Development has been frozen in cash terms for the sixth consecutive year at £9 million. Although this means a real terms cut of 9.5% since 2010-11, the EERC considers that its protection in cash terms has allowed the Scottish Government to continue to support a large number of development programmes in Africa and Asia delivered by external partners, as well as responding to global humanitarian crises such as the earthquake in Nepal in April 2015.

In this budget line, which constitutes the bulk of the overall EEA budget, the Scottish Government’s International Development Fund provides grants to projects that are delivered by international development organisations, which includes the Small Grants Programmes. The EERC recognised in its recent Connecting Scotland inquiry that Scottish Government funding had enabled international development work by Scottish organisations and had particularly supported smaller and medium-sized NGOs in their work, many of which have developed their scale, scope and long term ambitions using this fund. The EERC will seek confirmation from the Scottish Government as to whether the Small Grants Programme will continue after the current programme ends in March 2016.

The level 4 budgets for the European Strategy and for the British Irish Council Secretariat also remain frozen in cash terms, but all of the other level 4 headings under the International Relations budget have been reduced by varying amounts. Over the course of this session, the Committee has conducted a number of inquiries relating to the international relations activities of the Scottish Government and is convinced of the value of international engagement in promoting Scotland. The
Committee is therefore concerned about the potential impact of these cuts in terms of promoting Scotland’s reputation abroad, encouraging Scottish companies to export and attracting students and skilled workers to Scotland.

**European Structural and Investment Funds**

The EERC has been monitoring the European Commission’s decision to suspend payments under the 2007-13 European Structural and Investment Funds programming period since 2015. The error rates by some recipients of the Funds were high, and the EERC is concerned as to the potential impact on both Scottish Government expenditure and sectors who normally receive the funds should the Scottish Government not satisfy the European Commission that the issues behind the suspensions have been addressed. The EERC therefore requested information on the potential implications of this suspension on the draft Budget from the Scottish Government (see correspondence from the Cabinet Secretary for Infrastructure, Investment and Cities of 8 December 2015 attached at Annexe B).

The Scottish Government responded that although the suspension would have no direct impact on either the 2015-16 Budget or the 2016-17 draft Budget (as the Funds are “deemed additional to the Scottish Government’s budget”), there were two potential consequences of the suspensions:

“Firstly, the suspensions prevent the European Commission from reimbursing funds that Scottish Government has paid to funding applicants. This has an impact on cash flow.

Secondly, if Scottish Government does not satisfy on the issues behind the suspensions, the European Commission may impose a financial penalty. A penalty would be a charge on the budget. At this time it is not possible to determine if and for what amount any penalty would be levied. Should a penalty be levied, the resulting charge would affect the budget for 2015/16.”

Additionally, the Scottish Government stated that the money paid back from the European Commission was subject to exchange rate fluctuations, but that the impact would not be known until the six-year programme was formally closed (this being scheduled to happen in 2017-18).

The EERC is concerned about the impact of the suspensions on cash flow. It is also concerned, given the some of the high error rates identified by the European Commission, that some funding will not be authorised for completed projects. The Committee will receive a further update from the Scottish Government before the end of the Session and intends to highlight this issue in its legacy report.

**Overall trends - miscellaneous transfers, underspend and an outcomes-based approach**

**Miscellaneous transfers**

The EERC has noted in previous years the use of ‘miscellaneous transfers’, out of the EEA budget line in the Scottish Government’s Budget Spring and Autumn Revisions, which on average total around £1million each year.
For example, the Autumn Budget Revisions for the 2015-16 Scottish Budget, published in November 2015, show that of the original £17.9 million budget for Europe and External Affairs, £1.1 million was re-allocated as miscellaneous transfers.

In her response to the Committee of 14 December 2015 on the draft Budget (attached), the Cabinet Secretary for Culture and External Affairs explained that—

“In relation to the 2015-16 EEA budget, as in past years, and as part of robust internal monitoring processes and in line with good practice, we have taken the opportunity at the Autumn Budget Revision to ensure that we maximise the budget available in 2015-16 through some reprioritisation of spending. This proactive budget management strategy is reflected in the portfolio schedules.”

In the context of the reductions in the EEA budget for 2016-17, the EERC hopes that the Scottish Government is able to move to a position of consistently spending the budget for the EEA budget rather than re-allocating it through miscellaneous transfers.

Understand

In every financial year from 2010-11 through until 2014-15, there was a consistent underspend of around £1 million in the Europe and External Affairs budget. 2013-14 was an exception to this as the budget was completely spent, and the EERC welcomed this and expressed a hope that it would continue. However, for the 2014-15 budget (the most recent budgetary year for which the Consolidated Account figures are available), there was an underspend of £1 million.

In her 14 December 2015 letter to the EERC, the Cabinet Secretary for Culture and External Affairs explained that—

“the change to the original budget of £15.5 million in 2014-15 to £13 million was not a budget reduction but was a result of in-year transfers to other areas of the Scottish Government for the European and External Affairs (EEA) contribution to planned activity. The £1 million underspend was a result of small underspends across all budget allocations.”

Given the relatively small size of the EEA budget, the EERC is disappointed that the underspends continue. It intends to propose in its legacy paper that its successor committee monitor future underspends in the Spring Revision and the Consolidated Accounts.

An Outcomes-Based Approach

In relation to the recommendation from the Finance Committee that there should be more emphasis within the budget process and financial scrutiny on examining the impact of spending on outcomes, the EERC specifically requested and received information on prioritisation and value for money from the Scottish Government in relation to the various budget lines.
The Committee found the information and detail on outcomes provided by the Cabinet Secretary for Culture, Europe and External Affairs very helpful in terms of identifying the impact of spending under the EEA budget line. The Committee recognises the difficulties of measuring and evaluating outcomes in some areas of the EEA budget, notably in relation to international engagement, but considers that the Scottish Government has made significant progress in providing more transparent information on its international engagement activities, particularly through the case studies on the Scottish Government web pages. The Cabinet Secretary also provided detailed information on spending under the International Development budget line and the achievements of the programmes.

Of the four National Planning Framework indicators identified by the Government as being “relevant to the European and External Relations Committee”, the Committee notes that there has been improved performance in relation to increasing exports and improving Scotland’s reputation, performance has been maintained in relation to population growth and performance has worsened in terms of matching the GDP growth of small independent EU countries by 2017. On the basis of the Committee’s inquiry work, the Committee considers that some of these indicators could be adapted to be more relevant, notably to compare economic performance to other sub-states in the EU, and to assess whether comparing population growth with the EU15 is still valid over ten years after the major enlargement of the EU in 2004.

Climate change

Finally, as in previous years, the Rural Affairs, Climate Change and Environment Committee has requested that committees mainstream climate change consideration into their draft Budget scrutiny.

The Committee recognises that the Scottish Government is working across its ministerial portfolios “to support international aims for education, climate change and water” and that there are a number of projects which have been funded under the International Development Fund which have a strong climate change elements within them. In addition, although it is not part of the EEA budget, the Scottish Government Climate Justice Fund includes a Sustainable Action Fund which focuses on climate change adaptation.

The Committee also welcomes the participation of the First Minister and the Minister for Environment, Climate Change and Land reform at the UNFCCC COP21 climate change conference in Paris at the end of 2015. This was a key international conference and the Committee considers that it was valuable that Scotland was represented at the highest level.

Yours sincerely

Christina McKelvie
Convener
European and External Relations Committee
INTRODUCTION

The draft budget for Europe and External Affairs for 2016-17 is £16.24 million. In comparison, the budget for 2015-16 was £17.89 million.

According to the Scottish Government:

“The Europe and External Affairs budget supports the promotion of Scotland as well as its interests and identity at home and abroad in pursuit of sustainable economic growth. It contributes to the positioning of Scotland on the world stage as a good global citizen, particularly through our international development work. It funds the development and growth of our events industry and our annual portfolio of events delivers economic, community and reputational benefits. The budget also supports the attraction of talented and skilled individuals to live, study and work in Scotland.”

This briefing provides details of the Europe and External Affairs budget line in the Scottish Government’s draft budget for 2016-17. It also outlines to which of the Scottish Government’s National Performance Framework targets the budget contributes.

---

OVERALL TRENDS (CASH TERMS)

Figure 1 below provides details of how the budget for Europe and External Affairs has changed since 2010-11.

Figure 1: Trends in the Europe and External Affairs Budget (£m, cash terms)

Figure 1 shows the initial budget agreed by Parliament alongside the actual budget spent (outturn) for the Europe and External Affairs budget line between 2010-11 and 2014-15. It also shows the budget agreed by Parliament for 2015-16 and the 2016-17 draft budget for Europe and External Affairs.

Miscellaneous Transfers

Between 2010-11 and 2014-15, the Scottish Government's Budget Spring Revisions\(^2\) were used to move Europe and External Affairs funds to other budget lines. Although details of some of these transfers were provided, “miscellaneous transfers” have formed a large part of the transferred funds from the Europe and External Affairs budget line. The “miscellaneous transfers”, along with the total amounts transferred from the Europe and External Affairs budget line to other lines, are shown in Table 1 below.

---

\(^2\) The purpose of the Spring Budget Revision is to amend the Budget (Scotland) Act for the relevant year.
Table 1: Spring Budget Revision transfers from the Europe and External Affairs Budget line (£m, cash terms)

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Miscellaneous transfers (£m)</th>
<th>Total amount transferred (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>2.8</td>
<td>4.3</td>
</tr>
<tr>
<td>2011-12</td>
<td>1.1</td>
<td>2.5</td>
</tr>
<tr>
<td>2012-13</td>
<td>1.0</td>
<td>2.5</td>
</tr>
<tr>
<td>2013-14</td>
<td>0.5</td>
<td>2.8</td>
</tr>
<tr>
<td>2014-15</td>
<td>1.2</td>
<td>2.6</td>
</tr>
</tbody>
</table>

In 2014-15 the Spring Budget Revision saw various transfers in and out of the budget line, ultimately resulting in a total of £2.6 million being transferred from the European and External Affairs Budget line. The biggest transfer was £1.5 million to the Finance, Constitution and Economy budget line for the Year of Homecoming. A further £0.9 million was transferred to the Infrastructure, Investment and Cities budget line whilst £1.2 million was transferred as miscellaneous minor transfers. £1 million was brought into the budget to support the Scottish Government’s Brussels Office leaving a net transfer out of £2.6 million.

The Autumn Budget Revisions for the 2015-16 Scottish Budget were published in November 2015. The Autumn Revisions show that of the original £17.9 million budget for Europe and External Affairs, £1.1 million has been re-allocated as miscellaneous transfers. In a letter to the Committee of 14 December 2015, the Cabinet Secretary for Culture and External Affairs explained that:

“In relation to the 2015-16 EEA budget, as in past years, and as part of robust internal monitoring processes and in line with good practice, we have taken the opportunity at the Autumn Budget Revision to ensure that we maximise the budget available in 2015-16 through some reprioritisation of spending. This proactive budget management strategy is reflected in the portfolio schedules.”

Further changes to the 2015-16 budget may be made in the Spring Revisions which will not be available until Spring 2016.

---

3 [http://www.gov.scot/Publications/2015/02/5588/10](http://www.gov.scot/Publications/2015/02/5588/10)
4 [http://www.gov.scot/Publications/2015/02/5588/10](http://www.gov.scot/Publications/2015/02/5588/10)
Underspend

The consolidated accounts produced by the Scottish Government at the end of each financial year show the actual spend compared to the planned spend published in the budget and amended by the Spring Revisions.

With the exception of 2013-14 when the budget was completely spent, in every other financial year from 2010-11 through until 2014-15 there was a consistent underspend of around £1 million in the Europe and External Affairs budget.

Previous consideration by European and External Relations Committee of underspend and miscellaneous transfers

In recent years the European and External Relations Committee has focussed on underspends in the Europe and External Affairs budget line. In its “Report on Draft Budget 2015-16” the Committee welcomed the fact the entire budget was spent for 2013-14 and expressed a hope that this would continue over future years:

“Last year, in its report on the Scottish Government’s 2014-15 Draft Budget, the Committee highlighted both the consistent underspend of around £1.5 million a year and the transfer of over £1 million a year from the Europe and External Affairs (‘EEA’) budget to other budget lines during the period 2010-13. Consequently, the Committee welcomes the achievement of the Scottish Government in spending the entire budget for 2013-14, and calls on the Scottish Government to ensure that this will continue in future years without significant transfers being made out of the EEA budget.”

For the 2014-15 budget (the most recent for which the Consolidated Account figures are available), the total underspend in the Europe and External Affairs budget was £1 million. This underspend was in addition to £2.6 million being transferred out of the budget during the Spring Revisions as noted above.

In her 14 December 2015 letter to the Committee, the Cabinet Secretary for Culture and External Affairs explained that:

“the change to the original budget of £15.5 million in 2014-15 to £13 million was not a budget reduction but was a result of in-year transfers to other areas of the Scottish Government for the European and External Affairs (EEA) contribution to planned activity. The £1 million underspend was a result of small underspends across all budget allocations.”

---

6 http://www.gov.scot/Publications/2015/10/3786/319370
CASH AND REAL TERMS CHANGES

Table 2 below, sets out the changes in the two 'level 3' budget headings for Europe and External Affairs between 2015-16 and 2016-17, in both cash terms and real terms.

Table 2: Europe and External Affairs Level 3 Changes in Cash and Real Terms (based on 2015-16 prices)

<table>
<thead>
<tr>
<th></th>
<th>2015-16 (£m)</th>
<th>2016-17 (£m)</th>
<th>2016-17 change on 2015-16 - cash (£m)</th>
<th>2016-17 change on 2015-16 - cash (%)</th>
<th>2016-17 change on 2015-16 - real terms (£m)</th>
<th>2016-17 change on 2015-16 - real terms (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Events and Themed Years</td>
<td>3.24</td>
<td>2.44</td>
<td>-0.8</td>
<td>-24.7%</td>
<td>-0.84</td>
<td>-26.0%</td>
</tr>
<tr>
<td>International Relations</td>
<td>14.65</td>
<td>13.80</td>
<td>-0.85</td>
<td>-5.8%</td>
<td>-1.08</td>
<td>-7.4%</td>
</tr>
<tr>
<td>Total</td>
<td>17.89</td>
<td>16.24</td>
<td>-1.65</td>
<td>-9.2%</td>
<td>-1.92</td>
<td>-10.7%</td>
</tr>
</tbody>
</table>

Some points to note are as follows—

- The 2016-17 draft budget shows a cash decrease of £1.65 million in the total Europe and External Affairs budget. In real terms this equates to a decrease of 10.7%.

- Within this, the International Relations budget line shows a cash decrease of £850,000, which equates to a real terms decrease of 7.4%.

- The Major Events and Themed Years budget line has fallen by £800,000 to £2.44 million. This equates to a real terms decrease of 26%.
A CLOSER LOOK AT THE 2016-17 DRAFT BUDGET

The following section looks in more detail at the Europe and External Affairs budget including the level 4 figures provided by the Scottish Government.

MAJOR EVENTS AND THEMED YEARS

The Major Events and Themed Years budget has been cut by £800,000 to £2.44 million in the draft budget for 2016-17 compared to the 2015-16 budget.

According to the Scottish Government:

“The budget is primarily used to market, promote and deliver activity in respect of the Year of Food and Drink 2015 and other Themed Years. The budget supports other major event activity, including the Scottish Open, both directly and through our delivery partners, VisitScotland and EventScotland. This funding is also used to deliver the Winter Festivals programme and fund diaspora projects and engagement.”

According to the Scottish Government, as a result of the reduction in the budget, the Government’s ability to respond to in-year opportunities and pressures will be reduced.

INTERNATIONAL RELATIONS

The draft budget for 2016-17 allocates £13.8 million for the International Relations budget line. This is a £850,000 decrease compared to 2015-16.

According to the Scottish Government’s Draft Budget document, during 2016-17:

“The Government’s key international priority is to deliver an increased level of engagement with the European Union and its member states, strengthen our role as active members of the British-Irish Council and continue to enhance Scotland’s reputation as a good global citizen through our international development agenda.”

The Level 4 headings for International Relations in the 2016-17 draft budget are broadly the same as those for the 2015-16 budget. One change in the headings is that, for 2015-16, the budget line for “International Strategy and Reputation” was £1.67 million. In the level 4 data provided by the Scottish Government for the 2016-17 draft budget, “International Strategy and Reputation” has been reduced to £311,000, and a new budget line, “Culture, Europe and External Affairs Strategy” worth £755,000 has been introduced. In the level 4 data, the Scottish Government has shown an indicative budget for both lines from the 2015-16 budget. This approach is reflected in the level 4 information below.

Table 3 sets out the Level 4 headings of the International Relations budget, ranked in terms of the size of their allocation in the 2016-17 draft budget.

---

7 From information provided to the Financial Scrutiny Unit by the Scottish Government
Table 3: Level 4 Budgets for International Relations\(^8\) – change in cash and real terms (based on 2015-16 prices)\(^9\)

<table>
<thead>
<tr>
<th>Level 4 Heading</th>
<th>2015-16 (£m)</th>
<th>2016-17 (£m)</th>
<th>Cash change (£m)</th>
<th>Cash change %</th>
<th>Real terms change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Development</td>
<td>9.00</td>
<td>9.00</td>
<td>0.00</td>
<td>0.0%</td>
<td>-1.7%</td>
</tr>
<tr>
<td>European Strategy</td>
<td>1.664</td>
<td>1.664</td>
<td>0.00</td>
<td>0.0%</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Culture, Europe, and External Affairs Strategy</td>
<td>1.255</td>
<td>0.755</td>
<td>-0.500</td>
<td>-39.8%</td>
<td>-40.8%</td>
</tr>
<tr>
<td>North American Strategy</td>
<td>0.750</td>
<td>0.700</td>
<td>-0.05</td>
<td>-6.7%</td>
<td>-8.2%</td>
</tr>
<tr>
<td>Immigration Advice</td>
<td>0.730</td>
<td>0.630</td>
<td>-0.10</td>
<td>-13.7%</td>
<td>-15.1%</td>
</tr>
<tr>
<td>China Division</td>
<td>0.400</td>
<td>0.395</td>
<td>-0.05</td>
<td>-1.3%</td>
<td>-2.9%</td>
</tr>
<tr>
<td>International Strategy and Reputation</td>
<td>0.411</td>
<td>0.311</td>
<td>-0.10</td>
<td>-24.3%</td>
<td>-25.6%</td>
</tr>
<tr>
<td>Other International Relations</td>
<td>0.350</td>
<td>0.250</td>
<td>-0.10</td>
<td>-28.7%</td>
<td>-29.8%</td>
</tr>
<tr>
<td>British Irish Council Secretariat</td>
<td>0.100</td>
<td>0.100</td>
<td>0.00</td>
<td>0.0%</td>
<td>-1.7%</td>
</tr>
</tbody>
</table>

The figures in Table 3 for the 2015-16 budget and the 2016-17 Draft Budget have been provided by the Scottish Government. The table also shows the cash change between each year's budget and the real terms change (calculated by SPICe).

When considering the percentage changes, it is important to remember that as the budget lines are for relatively small sums, a minor change can result in a large percentage change in the budget.

---

\(^8\) Figures provided by the Scottish Government to the Financial Scrutiny Unit and available at [http://www.scottish.parliament.uk/parliamentarybusiness/17534.aspx](http://www.scottish.parliament.uk/parliamentarybusiness/17534.aspx)

\(^9\) Due to the small monetary amounts assigned to a number of these budget lines, a small cash reduction will often appear as a large percentage in both cash and real terms.
The International Development budget rose from £3 million in 2007-08 to its current level of £9 million in 2010-11. This budget line has been frozen at £9 million for the sixth consecutive year in 2016-17. Whilst this indicates a cash terms freeze on the budget, it actually means a real terms cut of 1.7% from 2015-16 and a real terms cut of 9.5% since 2010-11.

According to the Scottish Government,

“The International Development Fund supports development programmes delivered by a range of organisations in Scotland, working with partners overseas, clearly focused on the achievement of the Millennium Development Goals. This includes funding for: the Malawi Development Programme; the SubSaharan African Development Programme; and the South Asia Development Programme.”

The International Development Fund supports the Scottish Government’s International Development Policy. The Fund is currently focussed on seven countries around the world: Malawi (where around half of the overall fund goes), Tanzania, Zambia, Rwanda, Bangladesh, Pakistan and India.

During 2015-16, the Scottish Government also used the International Development Fund to provide emergency humanitarian funding to Nepal in response to the earthquake in April 2015.

In previous years, the International Development Fund has also provided finance to the Scottish Government’s International Development Small Grants Programme which was launched in September 2013 and began in April 2014, with the scheme being trialled over two years. The value of the Programme was approximately £500,000 per year in 2014-2015 and 2015-2016 (£1 million in total). Eligible projects were required to have a focus in one of the Scottish Government’s priority countries, contribute to the achievement of the Millennium Development Goals (and the post-2015 Framework in due course), and the alleviation of poverty and economic growth in the priority countries.

---

10 From information provided to the Financial Scrutiny Unit by the Scottish Government.
11 http://www.scotland.gov.uk/Topics/International/int-dev
12 http://www.gov.scot/Topics/International/int-dev/humanitariancrises/nepal
The final round of projects will be awarded funding in March 2016. Following this, it is not clear whether the Small Grants Programme will be replaced.

Although not part of the Europe and External Affairs budget or a part of the International Development Fund, the Scottish Government also has a Climate Justice Fund which forms part of the Rural Affairs, Food and the Environment budget. Within this, the Sustainable Action Fund includes support for the Climate Justice Fund which is worth £2 million. A further £1 million from the ‘Hydro Nation’ project comes from the Scottish Water budget.

### European Strategy

<table>
<thead>
<tr>
<th></th>
<th>2015-16 Budget</th>
<th>2016-17 Draft Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Strategy</td>
<td>£1,664,000</td>
<td>£1,664,000</td>
</tr>
</tbody>
</table>

Having seen a big increase from £500,000 in 2014-15 to £1.64 million, in 2015-16, the European Strategy budget line is maintained at the same cash level in the 2016-17 Draft Budget. The increase followed by this year's cash freeze reflects the Scottish Government’s increased prioritisation of relations with the European Union, the aims of which are set out in the Scottish Government’s [Action Plan on European Engagement](http://www.gov.scot/Publications/2015/12/9056/15).

According to the Scottish Government’s budget document the funding facilitates various activities in the EU:

“Active engagement in the EU and internationally makes a major contribution to the Scottish economy, securing trade with EU and worldwide partners, as well as increasing public investment in agriculture, structural funds and research and development. Within the EU the Scottish Government is also committed to increasing Scotland’s return on EU competitive funding programmes and seconding staff to key European institutions to extend our knowledge base. Scotland’s leadership in areas such as climate change and renewable energy contributes substantially to Scotland’s attractiveness as a destination for inward investment.”

According to the information provided by the Scottish Government with the level 4 data, the purpose of the European Strategy budget line is to support:

“The running of the Scottish Government's EU Office and to facilitate increasing strategic engagement with key EU countries, including actions identified in the Nordic Baltic policy statement. It will support a programme of policy and cultural events in Edinburgh and Brussels, Government secondments to the EU institutions and increasing Scotland’s return on EU competitive funding programmes including Creative Europe.”

---

Giving evidence to the Committee during its consideration of the 2015-16 draft budget, the Cabinet Secretary for Culture, Europe and External Affairs confirmed that part of the £1.7 million European Union budget was £1 million to pay for the running costs for the Scottish Government’s EU office. Assuming this situation is replicated in the 2016-17 draft budget, around £700,000 is available to pursue the Scottish Government’s European engagement priorities.

During its consideration of the 2015-16 draft budget, the European and External Relations Committee requested more detailed information from the Scottish Government on the outcomes achieved from its European Strategy spending. To accompany the Minister for Europe and International Development’s appearance before the Committee on 17 September 2015 to discuss Scotland’s Action Plan for EU Engagement, the Government provided a letter detailing examples of its Brussels-based engagement both during the period of the Latvian Presidency of the Council of the European Union and looking ahead to the Luxembourg Presidency – both of which took place in 2015. The letter stated:

“During the Latvian Presidency, the Scottish Government continued to deepen engagement across the institutions. We have also continued to widen and develop our networks in Brussels amongst other Member States and Regions, and with key stakeholders, guided by the principles of the Action Plan and our economic objectives.

In relation to direct engagement, Scotland supported the Latvian Presidency with the secondment of a member of staff from the Scottish Government into the Permanent Representation’s climate change team. The Brussels office also hosted colleagues from the Latvian Presidency at its annual Burns supper and collaborated with them in a joint reception to celebrate cultural links between Latvia and Scotland, showcasing the talents of Latvian pianist, Olga Jegunova, paired with the Scottish soprano, Marie Claire Breen. The Scottish Government also jointly hosted a market awareness event in Edinburgh with the Latvian Ambassador to the UK, highlighting the opportunities for Scottish organisations and businesses in Latvia.”

The Scottish Government also provides examples of the outcomes of its EU strategy work on the Government’s webpages at www.gov.scot/europe.

Culture, Europe, and External Affairs Strategy

<table>
<thead>
<tr>
<th></th>
<th>2015-16 Budget</th>
<th>2016-17 Draft Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture, Europe, and External Affairs Strategy</td>
<td>£1,255,000</td>
<td>£755,000</td>
</tr>
</tbody>
</table>

http://www.scottish.parliament.uk/S4_EuropeanandExternalRelationsCommittee/Mee
ting%20Papers/EERC_PUBLIC_papers.pdf
The Culture, Europe and External Affairs Strategy budget line is technically a new line in the budget, although the Scottish Government appears to have transferred funding from the International Strategy and Reputation budget line. According to the Scottish Government, the Culture, Europe and External Affairs Strategy budget line has been cut by £500,000 in this year’s draft budget compared with 2015-16.

The purpose of the budget has been to fund the Scottish Government’s Point of Entry campaign along with covering marketing and promotional costs. According to the Scottish Government, the reason for the reduction in budget is the discontinuation of the Point of Entry campaign and the reduction in the scope of marketing spend.

### North American Strategy

<table>
<thead>
<tr>
<th></th>
<th>2015-16 Budget</th>
<th>2016-17 Draft Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>North American Strategy</td>
<td>£750,000</td>
<td>£700,000</td>
</tr>
</tbody>
</table>

Having been maintained at £750,000 since 2013-14, spending on the North American Strategy has been cut to £700,000 in the 2016-17 Draft Budget.


### Immigration Advice

<table>
<thead>
<tr>
<th></th>
<th>2015-16 Budget</th>
<th>2016-17 Draft Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immigration Advice</td>
<td>£730,000</td>
<td>£630,000</td>
</tr>
</tbody>
</table>

The Immigration Advice budget line was introduced in the 2014-15 budget replacing the Fresh Talent budget line. The allocation of £630,000 in the 2016-17 Draft Budget is a decrease of £100,000 compared with the 2015-16 Budget.

The Scottish Government explained that the reason the budget has been cut is due to historic underspends and indicated that the revised budget “is more than enough to continue the provision of core support to third parties and cover staffing costs”.

---

16 A Scottish Government promotional campaign based at points of entry to Scotland to "project a sense of arrival in Scotland" and to position Scotland "as a unique and thriving country, proud of its history and confident of its future". [http://www.gov.scot/Publications/2007/08/30133333/1](http://www.gov.scot/Publications/2007/08/30133333/1)
Specific funding for the Scottish Government’s work with China was a new level 4 heading in the 2014-15 budget. The heading is allocated £395,000 in the 2016-17 Draft Budget, this is a slight drop of £5,000 compared with last year.

The China Division funding will support the Scottish Government’s work in China and Hong Kong which is underpinned by its China Strategy.

International Strategy and Reputation

Spending on the International Strategy and Reputation budget line has fallen by £100,000 to £311,000 in the 2016-17 draft budget.

In previous years the International Strategy and Reputation budget line has been used to support the delivery of key Scottish Government country plans including Pakistan and India, and other international engagement with a particular focus on the Gulf States.

During 2016-17, the £311,000 budget will be used to support:

“the delivery of key Scottish Government international engagement. The budget also funds international communication and marketing activity as well as engagement with the International Consular Corps based in Scotland.”

Other International Relations

The purpose of the Other International Relations budget is to support the costs of implementing the international development programme.

The Scottish Government explained the £100,000 decrease as a “manageable reduction” saying that “Short term projects normally delivered from this budget (e.g. Sport Relief and research costs) need not be repeated to enable the proposed reduction.”
The final element of the International Relations budget is a frozen sum of £100,000 allocated as Scotland’s share of the running costs of the British-Irish Council Standing Secretariat in Edinburgh.
Measuring outcomes
In a letter to the European and External Relations Committee on 14 December 2015, the Cabinet Secretary for Culture and External Affairs set out how spending is prioritised. The Cabinet Secretary wrote:

“All spending from the International Relations budget is allocated on the basis that it meets the requirements of the International Framework and country plans. Funding is scrutinised to ensure that best value is being achieved and that any areas where savings can be made are identified. In terms of international visits careful consideration is given to ensuring that staff numbers are kept to a minimum; the cheapest appropriate flights are taken; and accommodation is on the basis of providing the best value for money. Ministerial visits are designed to cover a wide range of portfolio interests to ensure they have maximum impact.

The European Relations budget primarily funds the work of the Scottish Government's European Relations Teams in Brussels and Edinburgh. Both teams work towards the objectives of Scotland's International Framework and the Action Plan for EU Engagement by deepening the Scottish Government's relations and promoting Scotland's reputation with the EU institutions and key European partners. Their engagement serves to support the delivery of Scottish Government domestic and international objectives and supports essential work relating to the EU reform agenda, and the upcoming in/out referendum regarding the UK's EU membership. When opportunities arise they also work with colleagues in Scotland Europa and lead policy areas across all portfolios to support the leverage of EU competitive funding as set out earlier in this letter. Examples of the outcomes of this work are available on our webpages at www.gov.scot/europe.

The Scottish Government is committed to rigorous monitoring and evaluation procedures for all funded activity, for example in relation to our International Development Work. This ensures that spend from the International Development Fund (IDF) is effective and achieves its outcomes and priorities as well as delivering value for money. Each funding round is designed working with expert independent assessors and in consultation with international development civil society networking organisations.”
SCOTLAND PERFORMS
As part of the 2007 Spending Review, the Scottish Government introduced a new outcomes-based National Performance Framework (NPF) to underpin the delivery of its National Outcomes. In June 2008, the Government launched ‘Scotland Performs’, a website designed to present information on how Scotland is performing against the range of indicators outlined in the NPF. The NPF was “refreshed” in 2011.

As part of its Performance Evaluation document, the Scottish Government also provided to the Scottish Parliament Finance Committee information on all of the indicators and targets in the National Performance Framework specifically influenced by the Europe and External Affairs budget line.

From the 50 indicators, this year the Government has highlighted four indicators as being “relevant to the European and External Relations Committee.” The relevant indicators are:

- To match the growth rate of the small independent EU countries by 2017
- Increase exports
- Improve Scotland's reputation
- To match average European (EU15) population growth over the period from 2007 to 2017

The Scottish Government also provided an up-to-date snapshot of performance against each of the indicators. The update shows that there has been a steady annual increase in the total value of Scottish international exports since 2005 and that Scotland continues to have a high score for reputation, consistently rated in the top third of the 50 countries evaluated.

On the population target, performance has been maintained. According to the Scottish Government:

“Although Scotland's population has been increasing since 2001, population growth in Scotland was lower than in the EU15 countries in the last two years.”

The only target relevant to the Europe and External Relations budget line where performance has declined relates to Scotland’s growth rate in comparison to small independent EU countries. However, although the gap is declining, Scotland still has an annual GDP growth rate, on 4Q basis, which has been consistently higher than that of the Small EU Countries.

8 December 2015

Dear Christina,

I am writing in response to your letter of 20 November 2015 to the Cabinet Secretary for Culture, Europe and External Affairs on the Scottish Government’s draft Budget 2016-17 and your questions regarding any potential implications resulting from the European Commission’s decision to suspend payments under the 2007-13 European Structural and Investment Funds programming period.

I last wrote to the European and External Relations Committee on 8 October to provide an update on the substantial work carried out by my officials to implement the Action Plan addressing the suspensions. Progress has continued since then and I look forward to updating the Committee in more detail at a later date.

In response to your letter of 20 November, a number of factors will determine whether the suspensions will have any effect on Scottish Government’s 2015-16 Budget or 2016-17 draft Budget and, if so, what the extent of this will be.

The decision to suspend the repayments for the 2007-13 programmes will, in itself, have no direct impact on either the 2015/16 Budget or the 2016/17 draft Budget. Accounting arrangements are such that European Structural and Investment Funds are deemed additional to the Scottish Government’s budget. This assumes that all funds Scottish Government pays out to projects are recoverable from the European Commission.

The money paid back from the Commission is subject to exchange rate fluctuations during the course of the six-year programmes and this will have an impact on the Scottish Government Budget. However, the impact of any fluctuations will not be known until the programmes are formally closed. This is scheduled to happen in 2017/18.
There are two potential financial consequences that the suspensions could have on the Scottish Government Budgets. Firstly, the suspensions prevent the European Commission from reimbursing funds that Scottish Government has paid to funding applicants. This has an impact on cash flow.

Secondly, if Scottish Government does not satisfy on the issues behind the suspensions, the European Commission may impose a financial penalty. A penalty would be a charge on the budget. At this time it is not possible to determine if and for what amount any penalty would be levied. Should a penalty be levied, the resulting charge would affect the budget for 2015/16.

Kind regards

KEITH BROWN
Thank you for your letter of 20 November 2015 regarding the European and External Relations Committee's consideration and scrutiny of the Scottish Government's draft budget for 2016-17.

As you know, on Wednesday 16 December the Deputy First Minister will publish the draft budget for 2016-17. In terms of your request for level 4 data, the Written Agreement between the Scottish Government and the Scottish Parliament establishes a 10 working day deadline for that information to be made available following the draft budget publication date. Officials will endeavour to provide that information as quickly as possible, and it will be made available to Committees through the usual channels.

Your letter set out four specific areas on which the Committee was seeking information. Firstly, on EU Structural and Investment Funds, my colleague Keith Brown MSP, Cabinet Secretary for Infrastructure, Investment and Cities wrote to you on 8 December and I hope you found this helpful.

Secondly, on EU competitive funding programmes, and as the Committee knows, we cannot give a comprehensive picture of all the money Scotland receives because government will not always be party to (or funders of) many of the projects in which partners are involved. There has however been significant progress in promoting Scottish access to EU competitive funding, building on the “hub and spoke” approach which I outlined to the committee last year. In particular, working with Scotland Europa, we launched in early 2015 the internet-based EU Funding Portal to provide a one stop shop to all potential applicants for funds, providing comprehensive information on all EU funding instruments (competitive and non-competitive), advice on how to apply for funding calls, a brokering service linking potential partners and a database of past projects in which Scotland has been involved. The portal is now well underway in its task of improving and broadening knowledge of EU Programmes,
with the ultimate aim of leading to a greater variety and uptake of EU funds by Scottish organisations. I gave a clear account in my last submission of where Scotland stood in 2014 in terms of outcomes under the previous round of competitive programmes (2007-2013). We are now focusing our work with Scottish partners to prepare for greater efforts to put in place the partnerships and proposals which will be required to succeed in the 2014-2020 programmes focusing on:

- **Horizon 2020** – We continue to support and promote engagement in Horizon 2020 including through events targeted at specific sectors and are seeing the benefits of this sustained effort. Most recent figures (July 2015) indicate that Scottish organisations secured over €111 million of funding, around 10.5% of all UK funding. Of particular note is success in the SME Instrument. Scottish support is primarily delivered through Enterprise Europe Scotland, which has developed a tailored ‘Client Journey’ initiative that provides intensive support for a select group of businesses through the application process. Latest information shows that of the 34 companies applying for this highly competitive programme, 9 have been successful with accumulated grant funding of €9 million.

- **INTERREG** – Within the Northern Periphery Programme a total of 13 projects with Scottish partners have been awarded ERDF and include: RECENT which aims to increase energy knowledge in rural communities, and help them to have more resilient and energy efficient public infrastructure capable of handling climate change related risks (International Resources and Recycling Institute); Cool Route which aims to investigate logistics and business potential to establish a bi-directional yacht cruising route along the offshore areas of the Northern Periphery Area (Glasgow Caledonian University; Blue Seas Marinas); REGINA which will develop an innovative, strategic model for protecting, promoting and developing cultural and natural heritage (North Highland College UHI, Environmental Research Institute); and eCAP which aims to solve problems in the delivery of mental health promotion and child and adolescent psychiatry services to remote areas (University of Aberdeen). Of the recent awards made under the North Sea Region Programme, 6 approved projects with Scottish partners were awarded ERDF of €1.6m, and include: BwN which aims to make coasts, estuaries and catchments more adaptable and resilient to the effects of climate change using joint transnational monitoring programmes and state-of-the-art analysis methods (Scottish Government; Tweed Forum; SEPA); DUAL Ports which aims to decarbonise regional ports resources through a shared eco-innovation port programme that minimises their environmental footprint (Fair Winds Trust; Orkney Islands Council); NorthSEE which will launch a sea-basin wide coordination process among marine spatial planning authorities in the North Sea Region (Scottish Government); and SHINE which will implement integrated business models for the healthcare economy based on the regions’ smart specialisation strategy (NHS Highland).

- **ERASMUS** - The latest UK statistics for the Erasmus+ 2015 calls have been published by the UK National Agency for Erasmus show that €112.6m has been awarded so far in 2015, to a total of 846 applications. From Scotland, there were 151 successful applications, 15 on the reserve list and 92 unsuccessful applications. Scottish organisations submitted 16.4% of all UK Erasmus+ applications in the first round of calls, and Scotland’s overall share of successful applications was 17.8%. 151 projects in Scotland were awarded funds in schools (83), higher education (33), vocational education and training (21), youth (12), and adult education (2) to a total...
value of €12,933,893 or 11.5% of the total sum awarded (from the UK budget of €112,631,566).

- **Creative Europe** - In the most recent round of funding for Cooperation Projects under the fund’s Culture Sub-programme – Spring 2015 – five projects partnering Scottish organisations with counterparts from around Europe were successful in securing funding. In total, these projects secured around €3.6 million through Creative Europe.

- **LIFE** - Until two years ago the UK did not fulfil its indicative allocation for LIFE funding but as a result of a concerted effort to address this in the UK and Scotland there is now a good stream of projects that are currently funded, in application stage or being considered for future funding calls. Currently-funded projects based in Scotland or with significant elements in Scotland include LIFE Pearls in Peril - a project led by Scottish Natural Heritage (SNH) to conserve the threatened freshwater pearl mussel species in Scotland’s rivers; LIFE SMART Waste - a cross-border project co-ordinated by the Scottish Environment Protection Agency (SEPA) to tackle waste crime and LIFE Hen harriers - an RSPB project to protect the hen harrier from illegal persecution in northern England and southern Scotland.

- **EFSI** - officials are continuing to meet with promoters of Scottish projects which may be eligible for EFSI funding in order to raise awareness of the Fund and its eligibility criteria. These cover a wide range of innovative projects across a number of different sectors, many of which are at an early stage of development. We are brokering contact with the European Investment Bank regarding the support that might be offered to enable these projects to demonstrate the necessary commercial and technical feasibility requirements.

In parallel we are developing plans to launch in 2016 an innovation and investment hub in Brussels. The objectives for the hub are being developed, but the overall purpose is to enhance Scotland’s voice and influence on EU innovation, industrial and investment policy. The focus is likely to be on projects that could make the most significant contribution to the achievement of Scotland’s economic objectives and developing influence and opportunity creation through EU partnerships and networks with Member States and territories, building on the experience of the Vanguard initiative and other European partnerships.

Thirdly, the costs of accommodating and supporting refugees in Scotland under the Syrian Resettlement Programme will be met by the Home Office. The £1 million allocated by the Scottish Government for preparatory work will be met from existing resources available to Scottish Ministers as part of overall management of the Scottish Budget. Those arrangements will be set out as part of the formal Budget Revision processes that take place during the course of each financial year and which are subject to Parliamentary scrutiny. Commitments in future years will be set out in the Draft Budget document relevant to that financial year, which follows a similar path of scrutiny. Fourthly, the recent £300,000 allocation for humanitarian assistance came from the International Development Fund (£200,000) and the European Relations budget (£100,000).

Turning to the aspects set out in the annex to your letter, the change to the original budget of £15.5 million in 2014-15 to £13 million was not a budget reduction but was a result of in-year transfers to other areas of the Scottish Government for the European and External Affairs (EEA) contribution to planned activity. The £1 million underspend was a result of small underspends across all budget allocations.
In relation to the 2015-16 EEA budget, as in past years, and as part of robust internal monitoring processes and in line with good practice, we have taken the opportunity at the Autumn Budget Revision to ensure that we maximise the budget available in 2015-16 through some reprioritisation of spending. This proactive budget management strategy is reflected in the portfolio schedules.

The Migration budget line predominantly provides core funding to the COSLA Migration, Population and Diversity (MPD) Team, and to the Immigration and Visa Support Service (IVSS) in Scottish Enterprise’s TalentScotland. Migrants are vital to Scotland’s economic and demographic future, and the work of these teams supports Scottish Government objectives, in particular our Population Target to match average European (EU15) population growth over the period from 2007 to 2017.

The MPD team supports local authorities in their migration related roles and functions. More information on the work of this team and their current outcomes is published at http://www.migrationscotland.org.uk/our-priorities/national-outcomes. IVSS offers guidance, support and information to businesses to help them access, attract, recruit and retain highly skilled international talent; and support to inward investment companies with their immigration and relocation needs. Both teams agree priorities with the Scottish Government and report regularly upon work to progress these. The Migration budget line also provides for some staffing costs for members of staff working on migration related issues. These staff have been recruited and are managed in accordance with standard Scottish Government procedures.

All spending from the International Relations budget is allocated on the basis that it meets the requirements of the International Framework and country plans. Funding is scrutinised to ensure that best value is being achieved and that any areas where savings can be made are identified. In terms of international visits careful consideration is given to ensuring that staff numbers are kept to a minimum; the cheapest appropriate flights are taken; and accommodation is on the basis of providing the best value for money. Ministerial visits are designed to cover a wide range of portfolio interests to ensure they have maximum impact.

The European Relations budget primarily funds the work of the Scottish Government’s European Relations Teams in Brussels and Edinburgh. Both teams work towards the objectives of Scotland’s International Framework and the Action Plan for EU Engagement by deepening the Scottish Government’s relations and promoting Scotland’s reputation with the EU institutions and key European partners. Their engagement serves to support the delivery of Scottish Government domestic and international objectives and supports essential work relating to the EU reform agenda, and the upcoming in/out referendum regarding the UK’s EU membership. When opportunities arise they also work with colleagues in Scotland Europa and lead policy areas across all portfolios to support the leverage of EU competitive funding as set out earlier in this letter. Examples of the outcomes of this work are available on our webpages at www.gov.scot/europe.

The Scottish Government is committed to rigorous monitoring and evaluation procedures for all funded activity, for example in relation to our International Development Work. This ensures that spend from the International Development Fund (IDF) is effective and achieves its outcomes and priorities as well as delivering value for money. Each funding round is designed working with expert independent assessors and in consultation with international development civil society networking organisations. For the Malawi Development Programme funding rounds the Scottish Government additionally consults with the Government of Malawi, to ascertain its current priorities within each of the four agreed
themes under the 2005 Cooperation Agreement. Those Government of Malawi priorities are then incorporated into the funding round.

All applications for funding under all our international development programmes (Malawi, Sub-Saharan Africa, South Asia and Small Grants) are assessed by external experts against essential eligibility and assessment criteria - this provides a high level of scrutiny, both of financial budgets as well as project design. Grant applicants must include audited or independently verified accounts and must also provide a risk assessment and risk management plan for their proposed project. The Assessment Criteria applied incorporate a number of core areas including: project need; project design; financial viability; quality and capability of partnerships; evidence of applicant's commitment/capacity to conduct thorough and rigorous monitoring and evaluation; effective project and programme management; and an exit strategy to ensure sustainability of projects. Only projects that attain high standards across core criteria are recommended for funding.

Following a conditional offer of grant based on a set of Terms and Conditions, the Scottish Government monitors projects regularly, requiring formal six monthly reports on progress, both narrative and financial, in addition to routine contact. These formal reports are scrutinised against the five OECD DAC Criteria for Evaluating Development Assistance (Relevance, Effectiveness, Efficiency, Impact and Sustainability) and staff work closely with grant holders to ensure progress is satisfactory, against agreed objectives and budget. Only once a report is satisfactory and the grantee continues to adhere to the Scottish Government’s grant terms and conditions will the next tranche of project funds be released.

In terms of facilitating spending across other portfolios on international work, the Committee will be aware that the Scottish Government has no dedicated budget for humanitarian aid. Therefore any contribution to the response to a humanitarian crisis is sought from across Government portfolios. For example Scottish Government support for the responses to crises in Syria, the Philippines, and the Ebola crisis in West Africa were funded from a number of portfolios including CEEA, Health and Environment.

As we have noted to the Committee in previous correspondence, the Scottish Government is working across its Ministerial portfolios to support international aims for education, climate change and water as detailed below:

- **Education:** Education Scotland have an increasing role in development work. A new formal agreement on inspection and improvement in education was signed in Lilongwe, Malawi, in January 2014 between the Scottish and Malawi Governments, heralding a new and exciting era of strategic engagement, focusing on sharing knowledge and skills to support improvements in Education. Separately, global citizenship is already embedded in Scottish education through Curriculum for Excellence and Education Scotland are providing support and guidance to schools around the country in taking this forward.

- **Climate Justice Fund (CJF):** The £6m CJF aims to address the needs of climate vulnerable people, particularly recognising the disproportionate effect the impact of climate change can have on the poor, and women and children in developing countries. The Fund has been supported by Hydro Nation monies from the Environment portfolio and involves close working between International Development and International Low Carbon teams within the Scottish Government.

- **Water management:** Scotland is the world’s first ‘Hydro Nation’ – using our water to boost the economy, reduce carbon impact, protect the environment and contribute to
global need. Under the Hydro Nation agenda there has been joint working between Scotland and Malawi at an official level on water resource management, governance and legislation: peer-to-peer knowledge sharing on key issues has informed new legislation introduced by both countries in updating aspects of water law and dialogue has highlighted many common areas of interest including water-resource management, community management of assets and increasing public engagement. Scotland the Hydro Nation will work further together on these aspects as part of its focus on improving rural provision.

The International Development Fund has a number of projects in the Malawi Development Programme which have strong climate change elements within them, but where the primary focus of the project is economic development. For example, the Oxfam project that Mr Yousaf visited recently in Malawi - “Women farmers access value-chains and adapt to climate change” project - sits under the economic development strand of the Malawi Cooperation Agreement, but also has a climate element to it.

Likewise, there are a few projects in the South Asia Development Programme under the IDF which have a water and/or climate change element to them, eg: Opportunity International’s “Empowering communities for water, sanitation, hygiene and clean energy” in Bihar, India; and Bioclimate’s “Empowering 1950 women in Pakistan’s Thar desert and strengthening their climate resilience through an integrated approach to natural resource management and enterprise” project in Sindh Province, Pakistan, where part of the overall project aims are to improve access to clean water for families.

The Climate Justice Fund (CJF) was established in recognition that the poor and vulnerable are worst affected by climate change, puts people and human rights at the centre of decision-making on global development, and aims to distribute the risks and benefits of climate change equitably. It aims to address the needs of climate vulnerable people, particularly recognising the disproportionate effect the impact of climate change can have on the poor, and women and children in developing countries. The CJF therefore takes a human rights-based approach to programmes and services to promote human rights, address equitable distribution of impacts and benefits of climate change, and the strengthening of civil society – the focus of the CJF projects to date has been on climate change adaptation, through better water management, in recognition that climate will impact on water availability and quality. That focus to date on water projects reflects that the CJF has been supported by Hydronation monies.

There are clear synergies therefore, rather than an “interface”, between some IDF projects on the one hand, and CJF projects on the other. What all projects under the IDF and CJF share, however, is that they contribute to SG’s support for the global commitment on poverty alleviation. It should also be highlighted that the new Sustainable Development Goals are also predicated and framed on the basis of the international agreement that issues such as poverty, inequality, climate, environment, health, education, energy access etc are all universal, indivisible and inextricably interlinked. In response to this, Scotland’s seeks to play its part as a good global citizen, continuing to make distinctive contributions in addressing global challenges such as climate change, tackling inequality & promoting human rights, sharing our knowledge, skills & technical expertise for global good, in line with the International Framework.

The First Minister and Minister for Environment, Climate Change and Land Reform represented the Scottish Government at the UNFCCC COP21 climate change conference, participating in bilateral meetings and speaking engagements to promote Scotland’s track record on action on climate change – one of the most significant challenges of our age. The
Scottish Government will update the Parliament on the outcome of conference at the earliest opportunity.

I hope this information is helpful, please let me know if further questions arise from your budget scrutiny process. I am copying this letter to the Committee Clerks.

Kind regards

Fiona

FIONA HYSLOP