

Rùnaire a' Chaibineit airson Cultair agus Cùisean an Taobh a-muigh
Cabinet Secretary for Culture and External Affairs
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Christina McKelvie MSP
Convener
European and External Relation Committee
Room TG.01
The Scottish Parliament
Edinburgh
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Dear Christina

Thank you for inviting me to give evidence to the Committee on the 2014/15 budget on 31 October 2013. I note that a copy of the 2014/15 spending figures for the External Affairs budget have been provided to SPICE broken down by expenditure line. The figures are attached again for ease of reference. There are a number of issues that I thought it would be helpful to draw the Committee's attention to prior to my appearance.

Changes to the External Affairs Budget Lines

You will wish to note that since I last appeared before the Committee on this issue (in 2011) the structure of the spending lines themselves have been changed to reflect restructuring within the Government's International Division and also to simplify monitoring. For example, we now have a line exclusively for reporting on expenditure in China to underpin our refreshed China Plan. Our International Strategy and International Image lines have been merged to form one line called "International Strategy and Reputation".

The Fresh Talent line has been renamed Immigration Advice to more accurately reflect its function. In this connection, responsibility for the Relocation Advisory Service (RAS) has been transferred to Scottish Enterprise (SE) and funding of £267.5k will be made available to SE from the Immigration Advice line for this purpose in 2014/15. A further £150k is also being made available from the line for the COSLA Strategic Migration Partnership to enable Local Authorities in Scotland to provide advice to those seeking to come to Scotland to work or study.

International Development

As International Development accounts for nearly 60% of the External Affairs Budget, I thought additional information on how this money is spent might be useful.

You will be aware that this administration has significantly increased the International Development Fund from a baseline of £ 4.5 million in 2007/08 to the current £9 million. We will be maintaining this level of spend in 2014/15.

Our unique model means that we provide funding for Scottish NGOs to work in partnership with organisations in the developing world on priority areas, particularly those where Scotland has specific skills and expertise for example renewable energy. In addition, all our work across our priority countries is clearly focused on the key objective of poverty alleviation and the achievement of the **Millennium Development Goals**. It must adhere to the principles of the **Paris Declaration** on Aid Effectiveness.

Highlights of our International Development Programme include:-

- **The provision of over £5 million funding per year to support more than 40 projects in Malawi** on the themes of Health, Education, Civic Governance and Sustainable Economic Development, through the Malawi Development Programmes (2012-15, and 2013-16). We are also funding the Malawi Renewables Energy Partnership (**MREAP**) to the tune of £674K during the year 2013/14
- **Over £1.4 million per year to help improve food security for vulnerable farmers** in 3 projects in Rwanda, Tanzania and Zambia through the Sub Saharan development programme which are due to finish in 2015.
- **£3.8 million over three years to be funded on projects in Pakistan, Bangladesh and the Indian states of Bihar and Orissa** through the South Asia Development Programme (2013-16) on the themes of education, healthcare, food security and climate change.
- **Funding to the British Council in Pakistan for a programme to provide 50 scholarships at Masters level study for disadvantaged women in rural Pakistan over the next two years.** The funding of £150,000 per year will support study in areas prioritised for funding which include sustainable energy, climate change and food security and education.

International Development Spend 2013/14

International Development Fund	Amount
Malawi Development Programme (including MREAP)	£5.7 million
Sub Saharan Development Programme	£1.4 million
South Asia Development Programme	£1.3 million
British Council Pakistan Scholarships	£150,000
Networking support (incl NIDOS, SMP, Fairtrade Forum)	£416,000

Scotland's commitment to helping people in the developing world was further underlined by our achievement of **Fair Trade nation status** in February of this year with people throughout Scotland guaranteeing a fair price for producers in the developing world.

The timing of future International Development funding rounds are available on the Scottish Government website but replicated below.

Small Grants Programme	Opening autumn 2013 for projects commencing in April 2014 (annually thereafter)
Malawi Development Programme	Opening autumn 2014 for projects commencing in April 2015
Sub Saharan Africa Programme	Opening autumn 2015 for projects commencing in April 2016
South Asia Programme (indicative)	Opening autumn 2016 for projects commencing in April 2017

European Engagement

The Scottish Government remains committed to increasing Scotland's voice in Europe to ensure that Scotland's interests are fully represented and that we continue to demonstrate the skills and experience that we can offer others. The Committee will note that I am reallocating funds from the International Strategy line to increase the European Engagement line in 2014/15 to £0.5 million (from the current level of £120k). The purpose of the reallocation is threefold namely to:-

- Increase Scottish secondments to the EU institutions, to Presidencies and to UK bodies dealing with EU issues;
- Invest in work to maximise Scottish benefit from Creative Europe and develop cultural partnerships with priority countries;
- Provide seedcorn money to develop a wide range of projects on areas of common interest with priority countries, especially the Nordic and Baltic countries and with Ireland. This workstream is closely linked to taking forward a strategy with Scotland Europa and key Scottish agencies to secure maximum benefit to Scotland from EU Competitive funds with particular emphasis on Horizon 2020 (mainly research and development), Erasmus (student exchanges and mobility), Connecting Europe (promoting connections in Energy, Transport and Digital), LIFE (environmental action) and the Cross Border and Transnational InterReg programmes.

Mindful of the immediacy of this work I am aiming to increase expenditure by up to £280,000 this year to take it forward and am happy to provide the Committee with further updates as the work progresses.

I hope that this information is of use to the Committee ahead of the evidence session.

*Kind regards
Fiona*

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ANNEX A

Table showing 14/15 spending figures to be supplied.

Culture and External Affairs Portfolio
Draft Budget 2014-15, level 4 data

Europe and External Affairs	2013-14 Budget £m	2014-15 Draft Budget £m	% Change 2014-15 on 2013-14	What it buys	Explanation of significant changes from previous year
Major Events (no level 4)	1.615	2.390	48.0	The budget is primarily used to market, promote and deliver activity in respect of Homecoming 2014 and Themed Years. It also supports other major event activity, both directly and through our delivery partners, VisitScotland and EventScotland.	The increase represents a previously planned uplift to £1.7m to reflect increased activity in 2014, plus a baseline transfer from the International Strategy and reputation line to reflect that Winter Festivals funding is now coming from the Major Events budget.
International Relations					
British Irish Council	0.100	0.100	0.0	The BIC budget covers the Scottish contribution to the running costs of the British-Irish Council Standing Secretariat in Edinburgh	n/a
Other International Relations	0.390	0.349	-10.5	Supports the costs of implementing our international development programme.	Minor planned reduction.
China Division	0.400	0.400	0.0	Supports the Scottish Government's activities in China and Hong Kong which are aligned with the Economic Strategy and International framework and set out in detail in the China Strategy.	n/a
North American Strategy	0.750	0.750	0.0	Supports the running of the Scottish Government's Washington office and the SG's activities in the USA and Canada, which are aligned with the Government's Economic Strategy and its International Frameworks.	n/a
Immigration Advice	0.615	0.615	0.0	The provision of immigration advice and policy support.	
International Development	9.000	9.000	0.0	The International Development Fund supports a development programme 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 development work in Malawi, Sub Saharan Africa and South Asia, as well as funding responses to humanitarian crises and providing core funding to sector networking organisations to support capacity building, dissemination of best practice and the campaign to establish Scotland as one of the World's first Fair Trade Nations.	n/a
International Strategy and Reputation	2.710	1.396	-48.5	The budget supports the delivery of key Scottish Government country plans including Pakistan and India, and other international engagement with a particular focus on the Gulf States. The budget also funds international communication and marketing activity as well as engagement with the International Consular Corps based in Scotland.	£690K is being transferred out of the budget to Major Events to reflect a shift in policy responsibility for Scottish Winter Festivals and Diaspora activity. A further £270k is being diverted to fund European engagement.
European Strategy	0.120	0.500	316.7	The budget covers an annual programme of policy and cultural events and exhibitions in Edinburgh and Brussels, which promote our strategic priorities as set out in the Action Plan on EU engagement.	The budget is being increased in order to further prioritise European and Nordic-Baltic engagement strategies as well as engagement with "Creative Europe" and an enhanced secondment policy into the EU Institutions. (An additional £280k will also be made available in 2013/14 to make progress on this work)
Total Level 3	14.085	13.110	-6.9		
Total Level 2	15.700	15.500	-1.3		