



From the Minister of State

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DFID Department for
International
Development

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against world poverty

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Dear Nick,

Thank you for your letter of 7 May setting out your concerns ahead of the General Affairs and External Relations Council (GAERC) of 18 and 19 May and for your further letter of 14 May regarding CONCORD funding.

I understand that representatives from BOND met with DFID officials on 11 May to discuss your original letter. I hope the meeting was useful and alleviated some of your concerns. I believe that one issue discussed was the work needed to maintain pressure on donors to fulfil their commitments, and I welcome our continued collaboration on this.

Let me begin by reassuring you that the UK government recognises that this is a critical time for developing countries. The progress made towards development must be safeguarded and help must be given to mitigate the impact of the financial crisis. This was a strong theme of the G20 and for the GAERC. The Council Conclusions finalised at the GAERC highlight that we cannot be complacent and that there is still work to be done if the EU is to meet its aid volume commitments. I was pleased that we were able to secure not only a recommitment to the EU collective target but also a recommitment to member states' individual targets within the Conclusions. However, I also agree with you that increases in aid quantity have to be matched by improvements to aid quality. The financial crisis makes it even more important that all aid is used to its maximum impact.

I agree wholeheartedly that investment in basic services in partner countries is essential. The EU has taken some good steps towards this with an increase in funding for infrastructure and productive capacities in Africa and in proposing the new ad hoc Vulnerability FLEX which will help countries to maintain social services when affected by shocks. It is also reviewing existing instruments to ensure that they are relevant and responsive to the new economic realities, the key example being the Food Facility which will be broadened to include social protection elements.

I read your thoughts on the 'whole of the union approach' with interest. From my perspective, while there is no objection to looking across the range of policies and financial flows, the UK has set ambitious targets on aid volumes and aid effectiveness and we recognise that the focus must be on achieving these. We are committed to protecting the exclusive development focus of Overseas Development Assistance. However, Policy Coherence for Development (PCD) is an important issue and we need to understand the full impact of the range of EU policies on developing countries. I await the PCD 2009 report, which should help to raise awareness of the issues involved and make concrete recommendations for how they can be addressed through the EU.

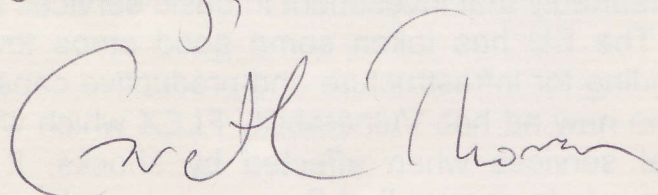
Moving on to your thoughts on Climate Change – this is a priority area for DFID and we work closely with the EU as well as other international partners. The EU Climate and Energy Package, agreed in December 2008, is the most ambitious set of climate measures agreed by any nation or group of nations anywhere in the world. It reinforces EU leadership on climate change and will deliver a real shift towards a low carbon economy. The EU needs to build on this in the run up to Copenhagen and has a key role to play in getting others to commit to action.

We recognise the responsibilities of richer countries in the financing of action in developing countries, which includes funding adaptation measures and technology transfer. This funding will need to come from a range of sources and I can see that there will need to be a shift away from the existing project-based delivery model to a model that can deliver at the scale and pace required to deal with the complex challenges that climate change presents.

The UK shares BOND's wish to see enhanced transparency and financial regulation governing international taxation. The UK Government is fully committed to helping developing countries, and ensuring they benefit from enhancing tax transparency.

On the point raised in your more recent letter, my understanding of the position is that TRIALOG and DEEEP have submitted proposals for funding in accordance with the guidelines set out by the Commission in the 2009 Annual Action Plan, and that the results will be known in July. In respect of the current impasse between the European Parliament and Commission on the Annual Action Plan, the UK will continue to press the Commission to find a solution as soon as possible.

Your sincerely,



GARETH THOMAS