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Dear Ian,

5 September 2007

Thank you for your letter of 1 August to Douglas Alexander about the People and Planet climate change campaign. I am replying as the Minister who leads on the issues raised. I have also seen your letter to Hilary Benn of 12 April and his reply of 6 May.

Firstly, I appreciate your interest in climate change and the concerns expressed by the student community as a whole and I welcome the news that the campaign focuses on driving down emissions in the UK. It is important that we lead by example in the transition to a low carbon economy.

You say that DFID has a crucial role to play in enabling the transition to a low carbon economy globally.

We are exploring opportunities to scale up use of low carbon energy through the recently announced £800m Environmental Transformation Fund. This was announced by Gordon Brown in the 2007 Budget.

We have provided £15m for the World Bank and Regional Development Banks' new Clean Energy Investment Framework.

We support the Global Village Energy Partnership (GVEP) which will focus on small and medium energy service providers. This provides funds to increase energy access, especially by poor households, through regional programmes.

We have also started a new research programme on bioenergy in Africa worth £3.8m over five years and we plan to do more research.

Your campaign proposes that aid should not be used for fossil fuels, particularly extraction projects. As you acknowledge, DFID is not directly involved in funding oil or gas extraction projects from our development programme. The World Bank has limited involvement representing just 2% of total World Bank Group financing (about US \$600 million annually). This compares with total amount of global energy investment in the order of US \$400 billion per year.

Developing countries which can generate earnings from fossil fuel resources are likely to do so even without World Bank support. If this were the case, there would be no guarantee that the high quality environmental, social and governance standards, routinely used by the World Bank, would apply in the assessment and development of these resources.

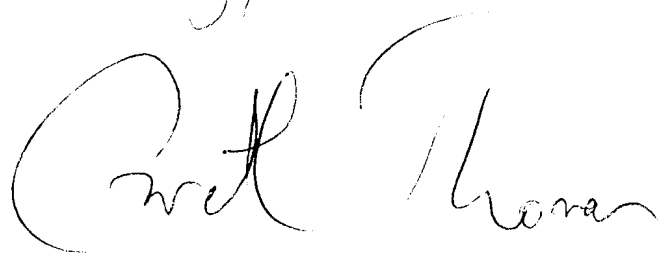
I do not agree that phasing out all support for fossil fuel projects is the best way forward. This would be unfair to countries that need energy to meet development objectives. However, I do think that the World Bank should adopt more ambitious targets on improving access to energy, renewable energy and energy efficiency. World Bank lending for low carbon projects has grown from roughly \$633 million per year over the 2003-2005 period to about \$1.7 billion in 2006 representing 37% of new commitments, as compared to 14% in 2003.

We need an effective and fair global agreement - a successor to the Kyoto Protocol - to tackle climate change. We will continue to work towards an international agreement through the United Nations.

Douglas Alexander will be meeting a number of British development NGOs next month prior to the World Bank Annual Meetings and would be happy to meet with you then to discuss further. Please contact Nirav Shah at DFID on 0207 023 1230 to confirm such an arrangement.

I hope this is helpful.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Gareth Thomas', written in a cursive style.

GARETH THOMAS