



Department
for International
Development



DFID Suppliers

Director General
Economic Development and International

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Brexit: No Deal preparations

I write in follow-up to recent conversations DFID officials have held with your organisation in relation to planning for Exiting the European Union if a Withdrawal Agreement is not agreed. It is important that organisations take action to ensure they are prepared. I appreciate the frankness with which our supply partners in the sector have outlined their concerns and plans to us. I want to respond to some of the key points raised and elaborate on DFID's own preparedness.

Leaving the EU with a deal remains the Government's top priority. A majority of MPs have said they would support a deal with changes to the backstop. The Government will take this mandate forward and seek to agree legally binding changes to the Withdrawal Agreement regarding the backstop, while guaranteeing no return to a hard border between Northern Ireland and Ireland.

We are also planning for every eventuality, including no deal, as any responsible Government should. For DFID, we are working to ensure continuity in our trading arrangements with developing countries; looking at the impact on our overseas networks and Overseas Territories; and providing financial assurance to UK development organisations who have contracts with ECHO. In terms of our people, we have agreed to release some staff to support other urgent priorities across Government in the event of no deal. But I can assure you that we will protect our ability to deliver our essential business in a value for money and impactful way.

We are aware of the concerns UK development organisations have regarding future EU funding. I wanted to reiterate that DFID has committed to funding the cost of any new programme agreed between August 2018 and March 2019 led by a UK aid organisation funded from the core budget of the EU's humanitarian and civil protection agency (ECHO). Any eligible supply partners wanting to make use of this guarantee should email DFIDContingencyPlanning@dfid.gov.uk.

I also wanted to reassure you that for programmes delivered under the Development Cooperation Instrument (DCI) and the European Development Fund (EDF), UK organisations will continue to be eligible to bid in a no deal scenario, where these programmes are to be implemented in Least Developed Countries (LDCs) or Highly Indebted Poor Countries (HIPCs). This is by virtue of our status as an OECD member. I would encourage any UK organisations concerned that these criteria are not being applied to alert us via their normal contact points in DFID or via eu-questions@dfid.gov.uk.

For the EU Trust Fund for Africa, the Facility for Refugees in Turkey (FRIT) and Providing Humanitarian Assistance in Sahel Emergencies (PHASE), eligibility will depend on the external action financing instrument used. For example, where funding is channelled through the EDF, UK organisations will be eligible to implement in LDCs and HIPCs as per EDF criteria. This also

means that in a no deal scenario, UK organisations would be ineligible for humanitarian programmes under FRIT and PHASE, as ECHO eligibility criteria apply to these programmes.

Some UK supply partners have said that they are seeking to transition current contracts from UK affiliates to EU affiliates and that there is a lack of clarity over this. I have asked DFID officials to make enquiries with the Commission and they will update you.

I appreciate the concerns about exchange rate fluctuations. DFID policy is that contracts are denominated in sterling; suppliers bear the risk and retain the benefits of any exchange rate fluctuation. In our conversations with suppliers we understand that some planning is underway to manage potential exchange rate fluctuations and I strongly encourage you to consider what mitigation measures might be appropriate for your organisation.

I understand the concerns relating to retaining non-UK EU staff, supporting them through the transition and recruiting new EU staff in the future. I encourage you to read the guidance related to applying for settled status, found here: <https://euexit.campaign.gov.uk/>, and ensure your staff are prepared.

There was also a concern about data and the status of GDPR post March. The Department for Digital, Culture, Media and Sport has published a [summary](#) of how the Government intends the UK's data protection law will work in the event the UK leaves the EU without a deal, subject to Parliamentary approval. The Information Commissioner's Office has published a range of [guidance and resources](#) on its website on data protection and the UK's departure from the European Union.

Lastly, I wanted to flag key sources of information for your organisations in your preparations:

- The Government's central information hub for citizens and businesses at <https://euexit.campaign.gov.uk/>
- The central information hub for business readiness (<https://euexitbusiness.campaign.gov.uk/>) and the [Partnership Pack](#) on changes to the border in a no-deal scenario. These include detail on importing, exporting and operating in the EU.
- DFID's Financial Assurance Technical Notice: <https://www.gov.uk/government/publications/delivering-humanitarian-aid-programmes-if-theres-no-brexite-deal>

I look forward to continuing close collaboration with your organisation on these issues. We would like to propose a round-table soon, which officials will be in touch to arrange.

Yours sincerely,



Nick Dyer