

There have recently been a number of press articles appearing about CDC. These articles have presented an inaccurate account of CDC's work and role in the overall UK Aid budget.

It is important to distinguish what CDC is and is not and also what its purpose is. CDC is not a private equity company. CDC is Britain's Development Finance Institution and was founded in 1948. It is wholly owned by the UK Government, it is overseen by DFID and is subject to scrutiny from the Treasury, Parliament and by the National Audit Office.

CDC's mission is to create jobs and achieve lasting change for people in the poorest countries in Africa and Asia. In 2015 the businesses that CDC invested in helped to create over a million new direct and indirect jobs. Through its investments it delivers significant development impact while at the same time generating a financial return, every penny of which is re-invested. CDC's development impact is also amplified by the billions of pounds in local taxes paid to help support public services like health and education in developing countries. In 2015 alone CDC's investments resulted in \$2.6 billion worth of local tax revenue.

CDC is one of the many development tools that DFID uses towards delivering DFID's objective of reducing poverty. CDC does not serve rich corporations nor does not invest in "dirty energy". CDC follows a clear policy of not investing in coal fired power projects except in rare circumstances. CDC has extensive investments in renewable energy projects – including wind, solar and geothermal. CDC investments in the energy sector help to crowd in the investment needed to improve access and power economic growth in the poorest countries.

DFID's investments through CDC complement the valuable work that NGOs are doing around the world and the Secretary of State has been clear about the importance of NGOs' work and her commitment to building on DFID's partnership with civil society.

You mention CDC investments in for-profit schools. DFID and CDC fully support the principle of universal access to education. But when state provision is not delivering for the poorest, we believe there is a role for the private sector to ensure that high-quality and affordable services are delivered in countries where public provision is weak, to help improve standards and to help children get an education. CDC also prioritises investment in the education and health sectors, because (as in the UK) these sectors are major employers. In Africa and South Asia, both sectors are under-developed and therefore have the potential to create a high number of jobs.

CDC has been a cornerstone of DFID's efforts to boost economic development and end poverty for some time. Investing capital through CDC complements other approaches through which the UK plays a leading role in responding to humanitarian disasters and global epidemics and DFID's work with partners in developing countries and other donor countries to tackle extreme poverty.

I hope this letter will answer your questions and help reassure you as a world class development finance institution, CDC is an organisation dedicated to supporting jobs, livelihoods and economic development, targeted on the poorest countries and the poorest in the world.