



EXPLANATORY NOTES

Commonwealth Development Corporation Act 2017

Chapter 5

£6.00

COMMONWEALTH DEVELOPMENT CORPORATION ACT 2017

EXPLANATORY NOTES

What these notes do

These Explanatory Notes relate to the Commonwealth Development Corporation Act 2017 (c. 5) which received Royal Assent on 23 February 2017.

- These Explanatory Notes have been prepared by the Department for International Development (DFID) in order to assist the reader in understanding the Act. They do not form part of the Act and have not been endorsed by Parliament.
- These Explanatory Notes explain what each part of the Act will mean in practice; provide background information on the development of policy; and provide additional information on how the Act will affect existing legislation in this area.
- These Explanatory Notes might best be read alongside the Act. They are not, and are not intended to be, a comprehensive description of the Act. So where a provision of the Act does not seem to require any explanation or comment, the Notes simply say in relation to it that the provision is self-explanatory.

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Overview of the Act

- 1 The Act raises the limit on government financial assistance that can be provided to CDC Group plc (formerly the Commonwealth Development Corporation) (the “CDC”) and its associated companies by amending Section 15 of the Commonwealth Development Corporation Act 1999 (the “1999 Act”). The new limit is £6,000 million. The Act also introduces a power to allow the Secretary of State to further increase the financial limit up to £12,000 million by regulations.

Policy background

- 2 Section 15 of the 1999 Act set a £1,500 million limit to the overall amount of government financial assistance that can be provided to CDC and its associated companies. That limit was reached in 2015. Raising the limit on government financial assistance that can be provided to CDC will enable the Secretary of State to accelerate CDC’s growth so that it can play a fuller role in the delivery of the UK’s international development objectives. An expanded CDC is a key vehicle for the delivery of DFID’s economic development work, which will help developing countries build prosperous economies that create jobs and lift people out of poverty and is a core element of the UK’s Aid Strategy.

Legal background

- 3 Section 15(1) of the 1999 Act set out a £1,500 million financial limit to the overall amount of government financial assistance that can be provided to the CDC and its associated companies. For the purposes of that section, financial assistance consists of the aggregate of amounts outstanding in respect of the principal of loans (under section 9), the writing off of certain liabilities (section 14), certain amounts payable in connection with the issue or acquisition of securities (sections 16 and 17), as well as in respect of loans or advances made under sections 9 and 10 of the (now repealed) Commonwealth Development Corporation Act 1978.
- 4 Section 1(2) of the Act amends section 15(1) of the 1999 Act by increasing the limit on government assistance available to the CDC and its associated companies to £6,000 million. Section 1(3) of the Act makes amendments to enable the Secretary of State to increase, by statutory instrument, the limit in section 15(1) of the 1999 Act up to £12,000 million.

Territorial extent and application

- 5 The Act extends to England and Wales, Scotland and Northern Ireland.
- 6 International development assistance and co-operation is a reserved matter under paragraph 7(1) of Schedule 5 to the Scotland Act 1998 and an excepted matter under paragraph 3 of Schedule 2 to the Northern Ireland Act 1998. The subject matter is not listed as a devolved matter in Schedule 7 to the Government of Wales Act 2006, and is therefore not devolved.

Commentary on provisions of Act

- 7 Section 1 (Amount of the limit on government assistance) of the Act amends the 1999 Act by increasing the limit on financial assistance to £6,000 million (subsection (2)) and providing a power for the Secretary of State to increase by regulations the limit on financial assistance up to £12,000 million (subsection (3)).

Commencement

- 8 The Act commences on Royal Assent.

Annex A - Hansard References

The following table sets out the dates and Hansard references for each stage of the Act's passage through Parliament.

Stage	Date	Hansard Reference
<i>House of Commons</i>		
Introduction	16 November 2016	Vol. 617 Col. 256
Second Reading	29 November 2016	Vol. 617 Col. 1424 - 1478
Money Resolution	29 November 2016	Vol. 617 Col.1479
Public Bill Committee	6 December 2016	First Sitting Second Sitting
Report and Third Reading	10 January 2017	Vol. 619 Col. 194 - 244
<i>House of Lords</i>		
Introduction	11 January 2017	Vol. 777 Col. 1957
Second Reading	9 February 2017	Vol.778 Col. 1865 - 1897
Third Reading (no debate)	9 February 2017	Vol. 778 Col. 1897
Royal Assent	23 February 2017	House of Commons Vol. 621 Col. 1151
		House of Lords Vol. 779 Col. 401

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Published by TSO (The Stationery Office), part of Williams Lea Tag, and available from:

Online
www.tsoshop.co.uk

Mail, Telephone, Fax & E-mail

TSO
PO Box 29, Norwich, NR3 1GN
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TSO@Blackwell and other Accredited Agents

ISBN 978-0-10-560042-8



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