

Suggested questions for Select Committee meeting on CDC 2.7.02

A CDC's Poverty Alleviation Potential

- A. 1. How does CDC justify the dramatic reduction (£211m in 1999 to £123m in 2000) of agribusiness holdings in CDC's asset portfolio, given significant poverty alleviation role small holder agriculture plays for many of the poorest people in the world?
- A. 2. Has CDC assessed the poverty impact of its asset sales in agribusiness?
If yes, how?
If not why not?
- Has CDC assessed the number of livelihoods put at risk?
If no, why not?
If yes, what action has CDC or DFID taken to put in place alternative measures to reduce the economic vulnerability of the suppliers and employees of companies in which CDC formally invested?
- A. 3. Given that Africa, particularly Sub-Saharan Africa, has a well proven poverty alleviation need how does CDC justify Africa receiving the lowest amount of new investment in the portfolio? (Africa's new investment was £74 million in 2000 compared to South Asia, Latin America and Asia Pacific each having receiving more than £100m)
- A. 4. Given much of the world's poorest interaction with enterprise is in low yielding sectors, such as small holder agriculture, what measures would CDC or DFID propose for filling the gap left by its departure from these sectors?

B Maximising The Long Term Developmental Impact Of CDC's Investments

- B. 1. Is CDC confident that investee companies are maximising their positive developmental impacts?
- B. 2. Sustainable economic development is dependent on the establishment of local robust domestic economies. How does CDC encourage its investee companies to maximise their use of locally provided goods and services?
- B. 3. Significant beneficial development impacts occur when workers understand their rights, work within non-discriminatory environments and are consulted in their workplace on their issues of concern. How does CDC support workers empowerment activities in CDC investee companies?

C Poverty Alleviation Assessed at A Strategic Level within CDC

Reporting of Health, Safety, Environment and Social issues in the annual report, the Ashridge Centre's report, use of social audit in China and visits by CDC to 31 of its investments in 2001 are all welcomed. These tools primarily assess CDC's investee companies against internationally agreed standards. The business principles therefore are to avoid abusive practices and are not an assessment of poverty alleviation impact. A more comprehensive assessment of poverty alleviation impacts by CDC's investments is needed, and the results of this used to inform CDC's strategy.

- C 1 How does CDC at board level assess the poverty alleviation impact of its activities? (As distinct from more general development activities?)

- C.2 Does CDC incentivise its directors to reach poverty alleviation targets?
If no, why not?
If yes, how are a mixture of qualitative (with information supplied by local independent feedback) and quantitative measures used?

- C. 3 Local assessment of company practice using local expertise is the most robust method of assessing company practice, particularly in relation to social issues, where cultural sensitivity is essential. How does CDC facilitate independent local assessments of its investee companies' activities?

- C. 4 How does CDC solicit feedback from its stakeholders¹ in developing countries on the performance of its investee companies?

¹ Stakeholders are those impacted by or who impact an organisation.