

COMMONWEALTH DEVELOPMENT CORPORATION BILL

EXPLANATORY NOTES

What these notes do

These Explanatory Notes relate to the Commonwealth Development Corporation Bill as brought from the House of Commons on 11 January 2017 (HL Bill 90).

- These Explanatory Notes have been prepared by the Department for International Development (DFID) in order to assist the reader of the Bill and to help inform debate on it. They do not form part of the Bill and have not been endorsed by Parliament.
- These Explanatory Notes explain what each part of the Bill will mean in practice; provide background information on the development of policy; and provide additional information on how the Bill will affect existing legislation in this area.
- These Explanatory Notes might best be read alongside the Bill. They are not, and are not intended to be, a comprehensive description of the Bill.

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Overview of the Bill

- 1 The Bill will raise 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 will be £6,000 million. The Bill will also introduce 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 sets 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 with the aim of enabling it to play a fuller role in the delivery of the UK’s international development objectives. In the Government’s view, 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 sets 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 Clause 1(2) of the Bill 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. Clause 1(3) of the Bill 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 Bill extends to England and Wales, Scotland and Northern Ireland.
- 6 See the table in Annex A for a summary of the position regarding territorial extent and application in the United Kingdom. The table also summarises the position regarding legislative consent motions and matters relevant to Standing Orders Nos. 83J to 83X of the Standing Orders of the House of Commons relating to Public Business.
- 7 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 Bill

- 8 Clause 1 (Amount of the limit on government assistance) of the Bill 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

9. The Bill will commence on Royal Assent.

Financial implications of the Bill

10. Increasing the limit on government assistance to £6,000 million will enable the Secretary of State to accelerate CDC's growth over the current Spending Round in response to forecast market demand over CDC's next strategy cycle and in order for CDC to play a fuller role in the delivery of the UK's international development objectives. The provision of further government financial assistance to CDC beyond the current Spending Round may require a future increase, by statutory instrument, of the proposed £6,000 million.

Parliamentary approval for financial costs or for charges imposed

11. A money resolution is required for the Bill because raising the limit on government financial assistance to CDC would enable government expenditure on such assistance to be increased.
12. The Bill does not impose charges and a ways and means resolution is not required.

Compatibility with the European Convention on Human Rights

13. The Rt Hon. the Lord Bates has made the following statement under section 19(1)(a) of the Human Rights Act 1998:

"In my view the provisions of the Commonwealth Development Corporation Bill are compatible with the Convention rights."

Annex A – Territorial extent and application in the United Kingdom

The Bill extends and applies to England and Wales, Scotland and Northern Ireland.¹

Provision	Extends to E & W and applies to England?	Extends to E & W and applies to Wales?	Extends and applies to Scotland?	Extends and applies to Northern Ireland?	Would corresponding provision be within the competence of the National Assembly for Wales?	Would corresponding provision be within the competence of the Scottish Parliament?	Would corresponding provision be within the competence of the Northern Ireland Assembly?	Legislative Consent Motion needed?
Clause 1	Yes	Yes	Yes	Yes	N/A	N/A	N/A	No
Clause 2	Yes	Yes	Yes	Yes	N/A	N/A	N/A	No

Subject matter and legislative competence of devolved legislatures

“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.

¹ References in this Annex to a provision being within the legislative competence of the Scottish Parliament, the National Assembly for Wales or the Northern Ireland Assembly are to the provision being within the legislative competence of the relevant devolved legislature for the purposes of Standing Order No. 83J of the Standing Orders of the House of Commons relating to Public Business.

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