

CDC gets the rebuke it deserves

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More than 200m stories on [CDC Group](#) on the web this morning, and rightly so. I pick the [Guardian's](#) and limited themes (others can deal with issues such as clearly excessive pay):

The Commons public accounts committee said “[there was] a lack of evidence that the investments handled by the fund reduced poverty.

In a series of scathing findings, Edward Leigh, the chairman of the committee, said: “CDC Group … has shown that it is very good at turning a profit. We need to know, however, how effective it is at reducing poverty and so far there is limited evidence. CDC is government-owned but its obligations to report to the Department for International Development have been weak. The pay arrangements place too much emphasis on financial performance and too little on success in reducing poverty.”

CDC Group is owned and run by DfID and invests in private businesses across Africa, Asia and Latin America. It has already come under fire from anti-poverty campaigners, who accuse the company of adopting private-equity-style investment techniques, including the use of offshore tax havens to avoid paying tax to hard-pressed governments.

As the [BBC added](#):

The committee also expressed concerns about CDC's decision to hold some £1.4bn - over half its £2.7bn capital - within the UK, rather than investing it abroad.

It also questioned why CDC's investments since 2004 had increasingly been made in countries like China and India which were already attracting foreign investors.

In fact just 4% of funds were in the poorest countries or in SMEs that have greatest need for funding.

It's a sorry tale with an easy solution — CDC's board needs to be sacked, the business model overhauled and the relief of poverty, not the aggrandisement of the Board and

its advisers needs to be put at the core of all activity.

Please, no arguments — let's just do it.