



**DFID** Department for  
International  
Development

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Dear Nick,

Thank you for your email of 29 June attaching a memorandum detailing concerns over alleged corruption in relation to some CDC-backed investments in Nigeria.

Let me assure you that both DFID and CDC take such allegations very seriously. Investing in the poorer developing countries of the world, which is what CDC does, is inherently risky as these countries very often lack the kind of enabling and regulatory environments that we take for granted.

Nevertheless, it is very important that CDC, both as a government-owned company and as an instrument of the UK's development assistance programme, is seen to uphold the highest standards in order to mitigate the risk of any inappropriate or corrupt activity occurring in its investments. For this reason, before taking a decision to commit its capital to a fund, CDC undertakes due diligence on both the fund, including background checks on sponsors and significant co-investors and the fund manager. Once CDC has committed capital to a fund, it requires the fund manager to perform due diligence – including background and anti-money laundering checks - on the businesses in which they invest that capital.

CDC's current procedures require fund managers to certify each time they draw-down capital for investment that neither the fund nor the fund manager has been engaged in money laundering or acted in breach of any applicable laws relating to money laundering and that all applicable anti-money laundering legislation and requirements have been complied with.

You raise a number of detailed points about the investments and the due diligence carried out by CDC and its fund managers. My officials will examine these together with CDC, which has the contractual and working relationship with the fund managers.

In view of the detail and complexity of the issues, you will understand that it will take some time to gather the information. We will address this with urgency and I will provide you with a substantive response as soon as possible.

*Thank you for raising this;  
with best regards  
Yours  
Andrew*

ANDREW MITCHELL