International Development Committee

Oral evidence: Sustainable Development Goals, HC 337

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Written evidence from witnesses:

- Development Initiatives
- Oxfam GB

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Members present: Stephen Twigg (Chair); Fiona Bruce; Dr Lisa Cameron; Mr Nigel Evans; Mrs Helen Grant; Fabian Hamilton; Pauline Latham; Jeremy Lefroy; Wendy Morton

Questions 72-113

Witnesses: **John Pullinger CB**, UK National Statistician and Chair of the UN Statistical Commission, **Harpinder Collacott**, Executive Director, Development Initiatives, and **Johannes Jütting**, Manager, PARIS21 Secretariat, gave evidence.

Chair: Good morning. I welcome our first panel of witnesses. We are starting a little early, giving us a little bit more time for the questions, but thank you so much for joining us today. I am going to hand over to my colleague, Fabian, who is going to put the first question.

Q72 Fabian Hamilton: Thank you, Chair, and welcome, everybody. I am sure you all have something to say about this particular question. I am going to start with the most obvious, perhaps. Why do you think data is important for the achievement of the Sustainable Development Goals and why does the current data gap present such a problem? As a supplementary to that, do you think that closing some data gaps will have more impact than others and where should DFID prioritise?

John Pullinger: Why is it important? Simply if we do not know what is going on, we cannot work out what to do. This initiative of Sustainable Development Goals is very comprehensive in a way we have never have before, so it looks systematically across the economy, society, the environment and into some more complex issues of governance, which we will come on to later. Data gives us that map that enables us to judge which way to turn to ensure that no one in the world is left behind.

How we prioritise is really a follow-up question from me. The UN Statistical Commission, which I chair, is currently working through how to create a comprehensive set of indicators, and our first priority is to start with what we have and get that into some order, so we map it against what is there. Once we have that, then we can look at where the gaps are and where the challenges for measurement are. There are many of those. I do not know whether you want me to elaborate on that now.

Chair: No, because that is my question.

Q73 Fabian Hamilton: Let us hear from the others. The question really is where you think DFID should prioritise. Rather than how, where?

Harpinder Collacott: Let me have a go at that. I am Harpinder, the Executive Director from Development Initiatives. As John says, data is very important to monitor and track progress of the SDGs, but it is also very significant to actually help countries meet the SDGs. At the moment, we are not just looking at data that is needed just to track progress, but what data we need to ensure that decisions are informed by data and evidence that will allow policies to be implemented to improve health systems, improve education systems, actually address poverty wherever it is occurring, as well as the other plethora of what the goals are trying to achieve. The ambitions are big; they are very big.

As you asked with regards to some of the gaps, I could actually list a whole load of potential areas that we need to look with regards to data gaps, in simply looking at helping achieve and implement the SDGs. First and foremost is around poverty data in itself. The first thing we need to know is who is in poverty, where they are and what keeps them in poverty. Unfortunately at the moment, the data is not substantial enough to address those questions, so poverty data is a fundamental area we need to look at to see how we track every single person, in every single country, if we are to achieve the ambition of leaving no one behind.

Johannes Jütting: I work at the Partnership in Statistics for Development. To your question about why data is important, I fully subscribe to what John has said. If you look back, we have made tremendous progress in data production, in particular in two areas, which are education and health, with the agreement on the MDGs. Speaking in particular for developing countries here, we have made substantial progress, but much has to be done.

To your second question about where the gaps are, let me turn it slightly around. We should also see the need to strengthen capacity across the board, producing data that is relevant for a particular country in a particular time. Let me give you an example. Obviously I fully agree that poverty statistics and disaggregated statistics are very important but, as we have seen recently in the debate about how rich Ghana and Nigeria are and their national accounts, we see that they have not invested a lot in economic statistics, which obviously are also very important in the long run to reduce poverty. Instead of always looking at where the latest gap is, we might also think about how we can strengthen capacities of developing countries across the board—and I can elaborate on this a little later—to produce statistics that are really relevant for a country, in a given context.

Q74 Fabian Hamilton: Let me just ask you a final follow-up: to what extent do you think that disaggregated data is necessary in order to monitor progress and ensure that no one is left behind?

Johannes Jütting: Disaggregated data is extremely important for tracking progress. We can see the very different parts of the disaggregated data agenda—age, ethnicity and so on. The challenge is that producing this data in many countries, in particular the poor countries in which we as PARIS21 work, is huge, because we do not even have the raw data, not to speak about disaggregated data. We also come back to this in terms of the possibilities that we now have with the SDGs. It is a tremendously important area to have disaggregated data but, in many instances, we have to be honest; it is a long shot.

Harpinder Collacott: Can I just come in on disaggregated data? Although I agree with Johannes that it is a long shot, actually this agenda is ambitious and we should be ambitious with the data itself as well. This is where DFID can be playing a role, because we need to look at disaggregated data across all of the indicators, on age, gender and disability, if we are serious about living no one behind, but also on income quintile and location as well. Absolutely it is going to be a challenge, but this agenda is about setting a challenge and looking at how we meet that challenge. I would urge DFID to play quite a strong role in ensuring that disaggregated data, just because it is a tough challenge, does not fall off the agenda.

Q75 Chair: John, you spoke about the work that is going on now to determine the indicators for the Sustainable Development Goals. Can you say a little bit more about that, in particular explaining the timeline, the process and the role that the UK is playing in development of the indicators?

John Pullinger: I will certainly do that. I have two roles in appearing before this Committee. I am the UK National Statistician, so I represent the UK at various international forums, including at the United Nations. At the United Nations, there is this thing called the United Nations Statistical Commission, which has been the standard-setting body in statistics pretty much since the foundation of the UN system. It sets the framework for the national accounts, for example, so it compare economies. It sets the rules for census-taking around the world, so it was natural that this was the body that started thinking about how we could get a comprehensive set of indicators that would be globally relevant, but also capable of looking at more regional and national levels.

There are 24 countries that are part of the Statistical Commission. The UK is elected as one of those at the moment. I do not know whether you would say it is good fortune or not, but I am currently the Chair of the commission. I chaired a meeting in March, where the process was established for doing these indicators. In our March meeting, we set up two groups. One was an expert group that was going to be experts drawn from countries of all shapes and sizes, around the world, to look at indicators that could be relevant to capturing sustainable development at a global level. The second one was a high-level group looking at what was necessary within the statistical system to give us the means for implementation including, as Johannes has spoken about already, the capacity within countries to be able to measure this very large and complex agenda.

What we decided in March and what the open working group of the General Assembly subsequently endorsed was that we would come back at our meeting in March 2016 with a set of indicators that would address each of the 17 goals and each of the 169 targets. It would capture issues like disaggregation, for example, and it would give us a comprehensive set of guidelines that would enable us to measure this, as we go forward.

Now, a particular benefit of this process is that we have made it a technical process. We have the targets and goals that have been established politically, and now we are going through, as a group of statistical colleagues from around the world operating in an analogous way to the way in which my office works in the United Kingdom, to turn these political ambitions—I think someone said that earlier on—into something that is technically measurable.

We set ourselves a year to do that. The expert group had been the main body. It has been meeting very regularly, including and most significantly a three-day meeting last week, where it has now created a number of indicators that do address each of those targets. I feel confident in reporting to the Committee today that we are on schedule to have a paper that will be available for the Commission to endorse in March. The only thing we are now waiting for before we complete it is the meeting that is taking place at the beginning of next month on climate change, in Paris, just to check out whether there are any new things on the political agenda that we need to recognise in producing the indicators. That meeting finishes on 6 December, so we are hoping that, very rapidly after that, we will be able to produce the first paper that will give a list of indicators.

We take it to our meeting in March, where we will adopt it after quite an extensive discussion, I guess, and then it goes to the Economic and Social Council of the UN, which then adopts it at a political level. We can then begin to produce a report. What the summit meeting in September agreed was that there will be an annual progress report on the Sustainable Development Goals, in which we will progressively capture the indicators and the progress that is being made on meeting them.

Q76 Chair: It is very encouraging that it sounds as though, subject to the issues around climate change you referred to, from a technical point of view, this process is on course.

John Pullinger: The process is on course. I should supplement what I said by echoing Johannes's point that, in many areas, the data is sketchy or absent, so we will be able to define an indicator, but may not have the capacity to create the data that gives us a strong enough measure of that indicator. Really in March the debate begins, where we will be working with colleagues like Harpinder and the wider movement to mobilise all the data that we possibly can and create new data sources that will help us do this. In terms of having a set of indicators, we are on course to deliver by March.

Q77 Chair: A number of the submissions that we have had to our inquiry talk about the importance of the indicators being translated at the national level. For example, ODI called on DFID to play a role in helping other Governments to set national targets and indicators. Can you say a little bit about that and how that could be put into operation?

John Pullinger: The first point of the process, which I think is a very sophisticated one, is for it to be real it has to work at a national level. Priorities in a country like the UK are going to be very different to priorities in a small land-locked African state. The process allows for each country to come up with measures that are relevant to them, in particular for example the poverty indicator that Harpinder mentioned. In the global measure, it specifically talks about relevance to the national circumstances in capturing the indicators.

To go precisely to your question, DFID potentially has a role in supporting capacity building, either through organisations like PARIS21 or through the Global Partnership for Sustainable Development Data, of which DFID is a founding member and formally the UK Government is described as an anchor member. Also, we are following the same process internally for the UK. We are working with statisticians in all Government Departments, chaired by my office, to go through exactly this process that I have described at the national level here.

Q78 Mr Nigel Evans: John, just to make sure I understand this, these indicators will be in place, by which each country, which have all signed up to these SDGs, will then be able to judge how well they are doing in achieving the goals that are there. To take one at random, SDG 5, which talks about women and equality, for each of these countries that have signed up to the SDGs, the stats will be in place on the same basis in order that somebody could objectively say, for instance, that young girls are getting access to education in countries like Pakistan as much as anywhere else.

John Pullinger: That is a very good challenge question. What we will have by March is a set of indicators that are relevant at the global level, covering all the goals and targets. We will then be seeking to feed up data and, generally speaking, it will come from the nations upwards, but there will be gaps. In that area particularly, there are some countries where we do not have that data at the moment. The very fact that there are gaps enables us to work out where capacity needs to be created. At the global level, we will have something, but there will be some gaps.

At the national level, the process of translation will depend very much on the capacity inside the country and also the desire of the country itself to follow this framework, and there will be a translation. In some countries, different measures will be more important. You mentioned Pakistan; with my counterpart in Pakistan, we are working with their Government to look at the goals and targets, and work out how that will be reported within Pakistan.

Q79 Mr Nigel Evans: All these countries have signed up, but there may be some that use either deficiencies within data that is available in their own countries or, indeed, a lack of will. There is enough wiggle room that actually the SDGs become worthless, in some regards.

John Pullinger: We need to wait and see. My expectation of the process that has been created here is that the very act of transparency, in describing who is counting what and which countries have numbers that we can trust, will create a kind of momentum that puts a spotlight on those areas of weakness. That maybe helps answer Mr Hamilton’s question about where DFID should prioritise. My hunch is DFID will be looking at where those gaps are and thinking, “This is a place where we need to think about the position of girls in education, in this particular country.” The fact it is transparent and out there will give a very powerful drive, and we are already seeing this in some areas. Some will be much harder to crack than others, particularly countries torn with conflict. It is just unrealistic at the moment to think you are going to have the same set of measures that we have in a country like ours, but transparency will shine a light on where the gaps are.

Q80 Mrs Helen Grant: You mentioned that DFID could certainly help in terms of capacity-building in different countries. Does that actually translate to a member of your team, as you mentioned earlier, going to the country and helping to get the books in order, or are there some other examples that you might be able to give of the type of assistance or capacity-building that DFID can apply?

John Pullinger: I have a general point and an example, if I may. The general point is that the UK Government Statistical Service, including DFID, has a very proud tradition of working with developing countries to help strengthen their statistical systems, particularly in Africa but also in a lot of small island states in the Pacific. The Commonwealth link is a very important one here. We have traditional ties to many countries and I am continually welcoming people wanting to learn from us into my office in Newport and many other Government Departments also. We have that proud tradition.

In terms of the DFID case specifically, I have a very nice example of a statistician from DFID going to a small community in Kenya and meeting my latest statistical hero, called Titus, who is a head teacher of a small primary school. He has this slightly dog-eared statistics book, and his statistics book shows the number of pupils coming to his primary school. It particularly shows the fact that the enrolment and engagement of girls in his primary school went up and stayed up once the toilet block and shower facilities were built. Now that is a beautiful example, and a very simple example. There is no technology involved; it is a tatty book. That data is collected in that primary school. It goes from rural Kenya into a central collection point in Kenya, comes back to the Secretary of State's office here, and she can see that the aid that is being produced by the British people is actually making a difference to the enrolment of girls in primary schools. It is a very simple example, but it is a very powerful one, of how data enables you to make better decisions.

Q81 Dr Lisa Cameron: This is a three-part question that perhaps each of you could have a go at. It is about the challenges that developing countries will face in particular, in terms of collection of the data and how DFID could be helping them with that. Should we be looking at more innovative forms of data collection now, rather than standard surveys? What might be the private sector's role in terms of data collection?

Harpinder Collacott: There are a number of challenges, as John and Johannes have highlighted, depending on the country, the capacity, etc. It is not just the capacity at the centre, at the capital level, with regards the national bureau of statistics; there are capacity issues all the way down to the sub-national level, which are fundamental to be addressed in ensuring that we build the system of data collection, but data storage, data management and data analysis as well. The data needs to be used and it needs to be used for improving decision making. There are a number of steps in that process that really need to be addressed with regards to how the data is collected, and also looking at some of the legal systems that allow for the private sector to be more involved in producing data collection, as well.

We do a lot of work in Uganda looking at the mechanisms that are there to collect data, all the way down to sub-national level. Some of the challenges we have found are that private hospitals and private clinics cannot officially register deaths, because they are private clinics. Those sorts of things prevent the engagement of the private sector specifically, so there are some legal challenges there as well, which really need to be addressed to ensure that the challenge of producing, collecting and managing data does not prohibit the involvement of the private sector specifically.

Johannes Jütting: I could add to this. Two or three weeks ago, there was a conference of the United Nations Economic Commission for Africa bringing together some 20 African countries, possibly more, to discuss the mobile revolution in data collection. It is incredible to see how many countries in Africa already use mobile phones for data collection, which is a huge step forward. Lots of things are happening here. There are new challenges. Apparently people realise that, while they collect with their mobile phones, they only look at the phones and do not look at the people. That then has some other challenges. Overall, in terms of the possibilities to change the whole data processing, from data collection to data processing to giving it out to users, there is huge potential. There is already some engagement of private companies to support this process, so I am very optimistic about that one.

If I could just add one sentence on the discussion we just had, I would reiterate that I think we should be honest with ourselves: the challenge is tremendously huge. Many of the global indicators we will agree in March cannot even be measured by OECD or Eurostat countries. We should be honest. These are global indicators; this is one data entry point per country. We are not speaking about data that will make actions that would be useful for our policymakers. Data has to be at a much more granular, fine level, so that a decision-maker can actually use the data point. These data points are for international comparison purposes, as important as that is.

I also want to underline that I am very much in line with John here. There is an opportunity now, going forward, with the SDGs. What needs to happen, once we have the indicators agreed from March, we need an honest inventory of all the countries and where we stand, with the data that would underline some sort of baseline assessment. Where is the data with respect to the indicators? Also look at a different granular level at what is needed to happen.

Secondly, we would then need to assess the gap. What is the gap? Third, we then need to come up with a plan for how this gap will be closed. Hopefully this will lead not just to very specific agency-driven data collection processes, because there is a little risk that we have lots of UN agencies very interested in very specific data points but, across the board, we are strengthening the capacity of a country to produce that data.

John Pullinger: If I could just add a little bit, I do want to echo the bit about the challenge being huge. If we think of what we are doing with data as a critical piece of global infrastructure, and think of it in terms of the scale of something you need that actually enables the world to work properly, then you have an idea of what sort of ambition has been set by the General Assembly.

In terms of your three questions, how can DFID help? Johannes is being very modest, but DFID's support for Johannes's organisation is really important, because this is the organisation that has a track record over 15 years in working very closely with national statistical organisations to build their capacity. Brick by brick, you built this kind of capacity, and it is a very hard slog. We have a lot of experience on which to learn, and we should sustain that.

By being an anchor partner of this Global Partnership for Sustainable Development Data, DFID has also gone in with the World Bank, which has a very ambitious proposal to fund different ways of doing this, which gets into your second question of innovative data. There are amazing possible sources. Satellite data is just incredible in what it can show, particularly in places that are inaccessible or remote, the very places that are very hard to get to, to conduct a survey. Particularly in topics like agriculture, satellites give you very good imaging of what is going on on the ground.

Another thing that I would like to stress, which we have not really talked about before, is that you can make this whole thing very local. I have used my head teacher example, but an individual school with some mobile phones can go and collect data on their village and use that to make a difference. A project I have been involved in before is a census at school. You get children collecting data about their own communities. They get interested in what is going on in their communities. They also get interested in what is not going on, where injustice is and how they can use the data to do something about it. Innovative data, yes, but innovation is not just about technology; it is about capturing the imagination, particularly of young people, to use data as a kind of voice for people who are without one.

In the private sector, there are some really good case studies. The one that I will share with you now is the one that Orange, the telephone company, has done in parts of Francophone Africa. They have very good coverage in French-speaking Africa. They are working very closely with my counterpart in Côte d'Ivoire to create the kinds of information you would get from a census. Census-taking is quite tricky in countries like that. There are some really forward-looking private sector organisations that are walking towards this setup. Harpinder is right that some of the legal frameworks do not help very well, but this global partnership is not just about governments. It is not just about civil society. It is also about big businesses trying to contribute to this as well.

Dr Lisa Cameron: Thank you very much. I particularly like the way you have framed it as not being just about governments at the head, but also about people on the ground taking charge of this and ownership of the process.

Q82 Mrs Helen Grant: This is a question particularly for Johannes, please. The Government have committed to give PARIS21 an additional £6 million to try to improve the statistical systems in developing countries. Can you explain exactly how that money will be spent?

Johannes Jütting: First, I would like to thank DFID for its longstanding support. From the inception of PARIS21, Clare Short played a tremendous political role to make it happen and then, over the last 15 years, DFID has been one of the main bilateral funders, but also has been very much engaged on the governance side of PARIS21. I really wanted to thank DFID for its longstanding support.

We were created to monitor the MDGs. Now obviously the question is what to do with PARIS21 and the SDGs. We did a light-touch evaluation, which is available, looking back at the last 15 years of what worked and where we can improve. Out of this, we developed a new strategy, which I have here with me and am happy to share later, in terms of looking forward to the partnership. It is a global partnership, I should say. We are the secretariat. We are hosted at the OECD. Just to give you an idea, we have 15 to 20 staff members of the secretariat. It is a global partnership of 46 members of international organisations, developing countries and developed countries, forming this global partnership to strengthen capacity.

Concretely speaking, what will we be doing? What are the main thrusts of activities? I wanted to highlight three main activities, and they are laid out more in the strategy document. Just to exemplify a little bit, the first is definitely something where we have lots of expertise already: knowledge-sharing and being an innovation incubator. We have talked so much about statistical capacity development, but what does it really mean in practice? We have just produced this "How to Build Statistical Capacities", as a two-pager that we distribute to all our members. That is available and people can look at how we can look more deeply about what statistical capacity development actually means in practice.

We have also produced, through the funds of the Bill & Melinda Gates Foundation, an innovation inventory. For all the nice things that John was referring to, we built a website where people could put their innovation. We basically crowd-source the innovation and, like in TripAdvisor, you can also go there and give stars for whether you like it or do not like it. We basically want to provide public goods, so that people can go and have a look, "Oh, this might be interesting for me," in different areas—collection, dissemination or visualisation of data.

We are also involved in the project that John already mentioned—the Côte d'Ivoire/Senegal project. We see our role as like a neutral facilitator. We are documenting the process. We are helping with this, and then we would like to produce a little leaflet on public/private partnerships in statistics. What are the two or three things that national statistical offices and the private sector should perhaps think about, if they want to go forward? That is one.

Secondly, we do a lot of advocacy, really from Pacific islands to New York. I come to the United Nations Statistical Commission and I often argue to make the specific case for developing countries, but many of my colleagues are seconded to national statistical offices. For instance, one of my colleagues is currently on a Pacific island helping with advocacy material or more data-related work. That is knowledge-sharing, innovation incubators and advocacy.

I should also mention this report. We also document how much money is given to statistics. We produce a report that comes out once a year. It is a sad report, I must say. It is a really sad report overall. The only shining report is DFID. I use it all the time to go to the German Government, the Finnish Government and the French Government to remind them that we need more money for statistics. The current spending on statistics is $400 million a year. It is less than 0.5% of ODA. If we want to make all these things, we really need to step up. This can come from different sources. It is not only public money; it is not only aid money. It should also go through domestic resource mobilisation, but we really need to be more serious if we want to make that change.

The last thing we also do, going ahead, is a lot of technical support. There are two things here. One is we help to strengthen what we call the NSDSs—national strategies for the development of statistics. We help countries to develop the plan, to review the plan, to organise peer reviews and to update the NSDSs to the new SDG environment. We do user-produced dialogues. That is something that we have also learned over the last 15 years. As a community, we have been too focused on the production of data, but we need the users to be integrated, the citizens and the private sector. We use those user-produced dialogues. We do seminars on data journalism, bringing journalists to statisticians.

Last but not least, we do a lot of technical work on data, so we help countries to save data in the right format. We have national archive data documentation workshops, so that these Excel sheets are turned into a real format that later can be used and transferred. We are also training people using modern forms, and just the nuts and bolts of statistical systems. We help to invest in them in countries. That hopefully gives you an overview of what we are planning to do.

Q83 Mrs Helen Grant: That was a brilliant overview. I can see how you are really helping developing countries, which is great. Can I just add that I can see you are helping them get the data, but is the quality of the data that they actually get good enough? How high does the standard of information need to be to be useful, and are we meeting it?

Johannes Jütting: That is an extremely important question. The quality of data is obviously a key issue. My take on it is that what we probably need is to really invest in data literacy. Let me just give you an example of how complicated this world of today is, in terms of what the right data is. It is possibly also more of a question of how you relate to data, because sometimes it is not right and wrong data per se; it is more to understand how that data has been produced.

To give you one example on poverty data, we had just learned about the new poverty numbers coming out of the World Bank, speaking at a global level about how many poor people we have. That is a key number, but that number changed because we had changes to the PPP, the purchasing power parity, which is a transformer of how we then assess how many poor people we have. Even the brightest minds in the world—Nobel laureate Angus Deaton criticised the World Bank for using this or this.

What I am saying, and hopefully we can do this in countries as well, is that I see our role here as more like training people to relate to data. If a country comes out with a national poverty number, somebody from civil society or from the private sector could say, "How did you produce that data? What is your framework? Can this be right?" In addition, what you were also alluding to is just creating the capacity for how, in that process, you abide by the statistical standards that are set out and do not violate them. That is obviously key. Where we have to go is a literacy programme for data users and producers to relate more to the issues.

If I could make just one additional point, we will see much more proliferation of more data. We are already talking about big data coming now, and it is very tempting to use this big data, but make them understand that the population behind may not be representative. Policymakers will be facing a trade-off of either getting quick and dirty data, or data that has been vetted. Where do we put the cursor, and who decides upon it? It has to be a societal decision. It cannot be by one or the other. Society needs to engage in those kinds of things.

Q84 Wendy Morton: This is absolutely fascinating. I want to take a slightly different tack, if I may, because some have argued that the MDGs very much become a numbers game. If you look at something in particular like education, it was about the numbers of children being educated, rather than focusing on the outcomes. I would be interested to know your thoughts on what lessons have been learned. Can you explain a little about how the new SDG indicators may encourage more holistic monitoring of progress on the goals, which is not just about numbers but is more about the qualitative results as well? That is probably best to Johannes.

Chair: It is to any of you, really. We have two more quite big questions after this one and we must be finished with you by quarter past.

Harpinder Collacott: What the SDGs are trying to do is move on and away from the numbers game that the MDGs set out and made a lot of progress against. Actually, the SDG agenda is much more holistic. One of the things that we say on a regular basis is that to make people count you have to count people. We are moving away from looking at global aggregates, national aggregates and surveys, which are pretty much based on a very small number of people surveyed on a regular basis to look at how we really make people count in this process. That in itself starts to give you a much more holistic picture.

When we look at the way maternal mortality data is currently calculated, taking an example of some countries where this is done by survey data alone, you survey a number of women specifically. Take a country again like Uganda, the last survey looked at just above 8,000 women and then extrapolated and developed the maternal mortality rates. It was not done by the deaths of women in those countries at all; it was actually an extrapolation from survey data. This agenda is moving away from that. It is really trying to look at how we make people count.

One of the things that we have been saying is that, actually, although this is ambitious and there are a number of countries where data is not as extensive as we need it to be, there is also a lot of data out there too. We need to recognise that in itself. Data is collected at multiple levels, by multiple people, by multiple stakeholders, across a country. Sub-nationally as well, there are small private sector organisations that are also collecting data, not just the global private sector bodies, but you also have other actors, NGOs, etc., which are collecting data on a regular basis.

Part of this agenda is to bring that much more holistically together to create a picture to ensure that that data is joined-up, comparable and allows us to look at the world much more comprehensively, creating a holistic picture of what is actually changing, who is making progress and where they are making progress. It is a really critical part of this agenda to see that, as opposed to just measuring progress by "This country has achieved this SDG." It is going to be more about how we shine the light on where we need to be putting more focus to assist and support countries. It is a global multi-stakeholder partnership.

Q85 Wendy Morton: One of the areas that we know is potentially going to be quite challenging in terms of getting data is around governance. Bearing in mind what you have just said about the need to get data, I wondered if you could share some more thoughts with the Committee about how we might use the SDGs, the indicators and the collection of data to get into some of those harder-to-reach areas.

Harpinder Collacott: Governance is an important point. It goes back to the capacity aspect as well. Although in certain countries we have a lot of capacity to generate the data, the ability to analyse and use that data is still lacking, across national bureaus of statistics and across line ministries as well. There is a huge role to play to improve that capacity and ability, but also the transparency agenda starts to look at how and where we need to improve certain governance systems as well, which will help ensure that we are making progress specifically.

Q86 Wendy Morton: Can I go back to John and Johannes for their thoughts on getting hold of that really quality data and it not just being numbers?

John Pullinger: I would echo what Harpinder has said. It must not be a numbers game. Statistics need to be quite humble. Indicators are indicating, so we are trying to create a narrative that will enable a richer political debate. What is different about the SDGs? First, we are actually getting on to this measurement question much earlier, so that we are thinking these questions now, at the start, rather than halfway through. More fundamentally, the SDGs are universal, so they apply to all countries, rather than it just being something for them in the rest of the world. The fact that they are comprehensive goes right to this holistic point, so it is trying to look at how everything fits together. If you go too much on target, someone is going to find a way of getting around them. Here, if you press too hard on the economy, you might mess up the environment. You are seeing the whole package here.

More importantly here, for the whole thing, and it is in Goal 17, the means of implementation have been thought-through very carefully. There is a slot for data, but there is also a slot for other things, like trade. Mechanisms actually enable countries to be more successful. We have a system here that will be much more than a numbers game and it has certainly very explicitly sought to learn the lessons of the MDGs.

Johannes Jütting: Very briefly, I have two quick points. One is on time. As you were mentioning on education and the quality aspect that has come along, while we were starting to measure the numbers, we were seeing that quality is important. We should realise that 15 years should give us the time to know where we want to go, but also accept that it will take a little bit of time and to be patient. That is one.

The second is on communication. The Ghana example that I mentioned caused a huge row in journalism, turning a country overnight one-third richer. Ghana turned from a low-income country to a middle-income country overnight, but it was based on a serious assessment of how they produced their national accounts. They were just adjusting to the 2008 SNA. What I am saying here is that mobile phones and many other services have come into play, so Ghana needed to adjust, but obviously many people were asking if this was correct. Again, an aspect of both time and communication, alongside what my colleagues said, seems to be very important.

Q87 Jeremy Lefroy: Thank you very much and good morning. For citizens to hold their governments to account, they are going to need access to good quality data, which is something we have already touched on. What challenges do you think citizens are going to face in accessing such data? As a user of national statistics in the UK myself, which are of very high quality, I nevertheless find a bit challenge in going through all the spreadsheets and finding the data that I want and putting it into a format that I need. If that is the case in the

UK for a Member of Parliament, then it is going to be much more difficult for pretty much anybody else. How can we help that?

John Pullinger: I have two answers to the question. The first is Johannes's answer already, which is about data literacy and statistical literacy. Even in the UK, children are not taught as well as they might be to understand and appreciate numbers. That is the key to it: educating people that numbers can empower you and are interesting. People quite often have a blank on numbers that comes from a very early age.

Equally as statisticians, we need to get beyond just being technocrats. We need to think about how people understand information and work on visualisation, as a very strong tool that we now have the capacity to do. Get things out of spreadsheets and relate numbers into words. If you tell a story with the numbers it is a lot easier for people to understand. We need to see ourselves much more in the communications business, as well as the mathematical business. If those come together, a more literate population with a more communications-savvy statistical community, we will get there. You can do that in any country. Clearly it is a bigger challenge in poorer countries, but there are two simple rules. When we are building capacity, build in communication. When we are thinking about education, part of the quality of education is improving people's data literacy, as well as everything else.

Harpinder Collacott: Can I just add to that? I completely agree with everything John has said, but it is also about making sure that data is relevant to people's everyday lives. Data is hugely relevant but, in the way it is presented, it does not automatically make you understand how this is going to improve my life or impact me on a daily basis. That is fundamental when we are looking at citizen engagement. What does it mean to you? How does data actually translate into the decisions that are important to your life? That may be access to health clinics, access to education, better seeds for farming, etc., and there is a plethora of data out there, but actually that data does not always get translated into information that is relevant to people.

Q88 Pauline Latham: Can I just follow up on that? It all sounds wonderful. With all this data, we are going to have so much information, but how is that going to impact on the life of a pregnant woman in Uganda? How is she going to access it? She is never going to access it, so what is the relevance of it to her?

Johannes Jütting: For me that comes back to the conversation we have just had, in terms of the level and the granularity of the data produced. The data can make a difference to the woman you were just referring to. It means that this data is taken up by somebody and, first of all, it is in a form that makes sense for a local decision-maker. This also combines with your question in terms of citizens' engagement in literacy. It is not only a question of asking citizens to use, but possibly even to produce data. We have the possibility, through our mobile phones and many other things, that citizens will actually produce data. It is a new form of changing the whole data ecosystem that we will be witnessing over the next decade. I hope that, through engagement of the people where the woman lives to make this visible, it will then relate to the local decision-makers and then there will be hopefully a take-up of lobby groups to take this into account.

Q89 Pauline Latham: In a country where they are existing, they are fighting to exist to stop their children dying from malaria, malnutrition, childbirth or whatever, it is not really going to be relevant to the pregnant woman in Uganda. It is irrelevant. She will never access it.

Harpinder Collacott: To just briefly respond to that, we have put in a project in northern Uganda around community trackers. The role of a community tracker is simply to track the resources that are coming in from central Government and international NGOs into their district, and then understand if those resources are actually improving services that are needed by people. They spend a lot of their time in the poorest communities understanding what the needs of that pregnant woman are. If she needs regular health checks throughout her maternity, where does she need to go? Are there resources being spent in that regard? It is connecting that data that is coming through on resources from the national and international levels at the sub-national level to the people, bringing that information to the community.

They are acting as intermediaries. These are not educated people. They are very much part of the community. Often they are data-illiterate, but the role we have been playing is turning that data into information and giving it to them, and then they play that intermediary role between the community and the local officials to ensure that that data turns into solid information, which is going to make the life of that pregnant woman better.

Q90 Jeremy Lefroy: Just following on from the very important question Pauline has put, taking the northern Uganda example further, actually, what is much more relevant now—and we all know that there is a very serious outbreak of malaria there, partly caused by the lack of the right drugs—surely much more important information is that those clinics do not have the drugs. It is all very well having a statistic saying that X children have died of malaria because there were no drugs. It is much more important to have a statistic saying, as we discovered when we went there five years ago, this particular clinic does not have drugs, as a result of which children will die from malaria if we do not sort it out. Those sorts of statistics are far more important to citizens than ex post facto statistics, which say, "Terribly sorry; we had better do better in the future." How are we going to deal with that? Are they going to come into these indicators?

Chair: I want one of you to give a maximum 30-second reply to that question.

John Pullinger: I will give my 30-second answer. At the global level, we are not going to do that. If we take it down to community level, each community will be able to think of what things matter to them. If lack of healthcare in a particular community matters to them, this data movement, if we can call it that, enables people to collect the information that makes it better. In my last five seconds, the Florence Nightingale example is a perfect one there. By collecting data about poor healthcare, we were able to change the healthcare system. That was done in the UK—whatever it was—nearly 200 years ago. It can be done in Uganda today.

Q91 Fiona Bruce: Can I thank you all for coming and for bringing to life a subject that I wrongly previously thought was very dry? My question is to John, and it is about the UK monitoring of the goals. The SDGs are universally applicable, so we will need to monitor compliance in the UK, and not just DFID but also across Government Departments. We are interested to know how you think that monitoring could take place, how Government Departments will be held accountable and perhaps who will take the lead on this.

John Pullinger: My office is taking the lead, with statisticians in each Government Department, to think about what the relevant indicators are for the UK. We would try, in how we report that, to follow the same practice that we do in everything else. The nearest example would be our current reports on national wellbeing, which follow a rather similar route. We have regular publications, which give you each of the dimensions of that. That is publicly available. You can drill down into it. We currently publish that for individual localities. Something like that could be entirely possible for sustainable development indicators as well.

Q92 Fiona Bruce: Is that something you have been asked to do? Is it something that perhaps DFID has flagged with you?

John Pullinger: We have been working with DFID on it and with ministries around Whitehall.

Q93 Chair: The Cabinet Office is leading on it, as I understand it. Is that right?

John Pullinger: The Cabinet Office is leading on the implementation of sustainable development policy across the country. A layer underneath that is indicators, so essentially it is a national miniature version of what is happening at the global scale.

Chair: Thank you so much. Clearly you have excited everyone about data, including those on the Committee who were sceptical. Thank you so much for your time today. It has been immensely useful, thank you.

Examination of Witnesses

Witnesses: **Dr Steve Waygood**, Chief Responsible Investment Officer, Aviva Investing, **Penny Fowler**, Head of Private Sector Team, Campaigns, Policy and Influencing, Oxfam GB, **Gibril Faal**, Director, GK Partners and Chair, African Foundation for Development (AFFORD), gave evidence.

Chair: Good morning and thank you very much indeed. This is our second panel of witnesses this morning, moving now to looking at private sector engagement with the Sustainable Development Goals. I am going to go to Helen first.

Q94 Mrs Helen Grant: This is a question to everyone. To achieve the goals, we are going to make the leap and go from billions to trillions. Can you explain how that can be done and, as a follow-up, can you say a little bit about what the role of the UK should be, and specifically DFID?

Dr Waygood: It is a huge question. Many PhDs have been written on the subject, so I will try to keep it brief. There have been claims that the discussions in the financing for development process, as well as the SDGs, have gone beyond development aid, and those claims are true, but they have not gone far enough. It is still true to say that the focus has been on the roughly $150 billion of development aid, not the $300 trillion that exists in the global capital markets. We have been approaching various UN agencies and working with, for example, DESA, UNCTAD, UNEP and the Global Compact for a few years now, trying to shape the policy discussion so that the $300 trillion could be harnessed.

There were three reasons for that. First, we think that the markets present an opportunity to raise capital. Secondly, we think the markets are too short-term and systematically do not integrate these SDG issues. The markets themselves need to be understood. What is the capital markets supply chain? How is it motivated and how would we change that so that the SDGs were relevant? Third, with equity ownership, there are ownership responsibilities and rights, and so we get to vote, for example, at the company AGMs. There is a threefold framework. It is not just about raising the money; it is all about making sure that ownership is deployed properly.

There were six tests that we put to the FfD process. First, will they get prices right? Will the pricing model make sure that the right thing pays companies in the long term? Secondly, will they understand the business models of the capital market supply chain intermediaries, in other words how a stock exchange is rewarded, how a fund manager is rewarded, how a broker is rewarded and make sure that they are aligned with the long term? Third, would they have a capital-raising plan? If, for example, we need $2 trillion over the next few years to start the SDG execution process, where is that money coming from—which asset owners, which asset classes and how? Fourthly, we suggested the need for systemic transparency. I was pleased to see some focus on corporate transparency, but not through the supply chain of capital. Fifthly, we need more standards: standards for responsible investment, standards for responsible business and, within that, benchmarks.

Finally—and I think this discussion is already showing this—there is a systematic deficiency of financial illiteracy around how markets work. I found that at the UN; I found that in the conversations at Paris and COP21; I found that in Brussels; and I have also found it here. The financial markets are not taught. You can do an economics degree. You can do a finance degree, and you still do not necessarily understand how these markets are structured. The policy discussion around how to harness that $300 trillion is deficient, and needs to be massively improved. Our Chief Executive suggested at the General Assembly, when he spoke at the opening session of the intergovernmental plenary, that the UN, a few years from now, comes back to the General Assembly with a roadmap for sustainable capital markets, which the GA moves as a resolution.

Penny Fowler: I would agree with a lot of what Steve said. We do need some quite systemic changes to ensure that we are directing finance at the right place as well. The current system does not take adequate account of social and environmental costs and integrate those. Even for the finance that is already available, it is not necessarily going into the places that would be needed to achieve the SDGs.

Under the MDGs, some of the targets including to halve poverty were well met, which is fantastic. The next level to get to the poorest and most vulnerable people is going to take a different approach, really getting down to the hardest-to-reach places, where those people are often on the margins of markets. We need to strike the right balance between private finance and ensuring that is being invested in the right places, in the right ways, which generally promote sustainable and inclusive growth, jobs and decent work, as well as public finance also being directed to the right places and those two not undermining each other in any way, shape or form.

Business clearly has a really key role to play here. The SDGs provide a really useful framework for businesses to understand how they impact on global poverty and how they can promote more inclusive and sustainable growth. We need them to be using that, setting targets to maximise their positive impacts and to minimise any unintended negative impacts.

Gibril Faal: I was in the room in Addis Ababa in July, when the Secretary-General of the UN and President of the World Bank, with a great deal of razzmatazz, launched the Billions to Trillions programme. I was surprised at the financial blind spots. Steve talks about financial literacy, but these were financial blind spots. By the end of the MDGs, the regional development banks that are spearheading this were investing $150 billion for development. They say with a great deal of pride that they aim, between 2016 and 2018, to be investing up to $400 billion. This is a big thing.

Every year, members of the diaspora and migrants invest more than $400 billion right now, but there is not enough attention and innovation focused on areas of funding and financing that is already available. It is not that I do not believe that it is possible, but what we hear is going to be that increased ODA in the billions will be used to leverage the trillions to come in. Now ODA, as we all know, is not necessarily the most effective form of investing in development so, in this whole process, now rather than later, we need to get small business, civil society and many other players to be in it, rather than leaving it to the regional development banks that are driving this initiative. It is theirs.

Q95 Pauline Latham: To be successful, the goals need to be embedded into companies' core business functions. How do you think this can be done?

Dr Waygood: I think that the business case is fourfold and that the solution is that we need benchmarks. On the business case side, first, there are some companies for which their very product or service will be a solution to an SDG. That is straightforward. The second less straightforward one is, where the issue will affect the cash flows of the company, then that company needs to manage the issue better. I would think of that as a business-relevant SDG. Third is where the company itself will impact on the issue in a significant way, but it does not come back to harm the company's cash flows vice versa. That is the situation of market failure. Fourth, if it is just a benevolent business and it wants to donate money to the cause, then that should be welcomed.

The Government's role in those cases is different. Obviously UKTI can help where it is a business focus. Where it is philanthropy, it is simply a thank you. The second and third areas require a much more sophisticated approach, so the production of dissemination of best-practice frameworks, but then what we need is a ranking. We have been working for a little while with a few NGOs and a number of other investors on the production of, for example, a corporate human rights benchmark. That benchmark has welcome funding from the UK Government last year, as well as the Dutch Government and a few foundations. We will be ranking the top-500 listed companies, over the next few years, in relation to how they perform on the Guiding Principles on Business and Human Rights.

That is a normative framework. That framework will be built in consultation with companies, with NGOs and with policymakers.

The same logic could apply to a number of SDGs, be they human rights, climate change, labour standards, gender diversity and beyond, but it would need a sector-by-sector benchmarking framework to be built in a multi-stakeholder partnership. We have seen a few examples of that and, where they do evolve—Oxfam has done one, Behind the Brands, which is very good—they provide the kinds of data that I can use as an owner or a representative of owners to hold the companies that we invest in to account for good performance. We can congratulate those that are doing well and we can target those that need to improve, once the benchmark is built and the results are public.

Q96 Pauline Latham: When you are talking about Oxfam, are you talking about the global Poverty Footprint?

Dr Waygood: No.

Penny Fowler: It is different. It is a campaign called Behind the Brands, which focuses on the 10 biggest global food and beverage companies, and ranks their performance in terms of publicly available policies on sustainable agricultural sourcing issues. We have land use, water use, gender, workers and farmers.

Q97 Pauline Latham: Would you say that initiatives like the Oxfam global Poverty Footprint are useful tools for business or not?

Penny Fowler: Obviously I would say yes, I hope that the Oxfam Poverty Footprint is going to be a useful tool for business. As you know, we launched it in September in New York and it is now available to the 12,000 UN Global Compact members. It builds on a methodology that we developed about a decade ago. It is rights-based, people-focused and it aims to cover five dimensions of poverty.

As Oxfam, we have undertaken three of these studies with three multinational companies over the last decade, and they have been quite interesting and challenging processes, but the processes have often been as important as the outcomes, because they enable different stakeholders to come together and develop a shared understanding and problem analysis, and then reach some joint recommendations for action that needs to be taken to address those.

Q98 Pauline Latham: Would you say that it is a good tool for business?

Gibril Faal: It is a good tool, but it is not a complete box of tools, as it were. The SDGs have the ambitious goal of full employment. Most employment is not provided by big multinational companies; SMEs provide it. We have to find mechanisms that work for them, and some of these indicators and tools just do not work for them.

I would say that, in terms of your question of embedding it, you certainly have to use legislation and make it clear that certain things are just unlawful. Then there is the element of inducement, to put it in that sense. It needs to be profitable. These good practices need to be profitable for business. That is the only enduring way of embedding it in every business. How do you make it profitable? You penalise bad behaviour and you reward good behaviour through the tax system. In that way it becomes profitable. That works for a big company and that works for a small company.

There are specific things. The reason why I am slightly hesitant about some of the indicators is we have many of them. We have ILO conventions for decent work. Some countries have not ratified them; some have not implemented them. It has to go beyond the toolboxes to the heart of business, the bottom-line profit or loss.

Q99 Jeremy Lefroy: That very much leads us into the next question, which is specifically around small and medium businesses, which, as you rightly say, generally provide more employment than any other sector. I declare an interest in having been involved in running and setting up small businesses in developing countries. If I could ask Mr Faal particularly, what challenges do you see that are faced by SMEs, given that SMEs do not tend to have a voice at these large UN gatherings? We were in New York and we heard from a lot of big companies there, but we did not really hear from SMEs, because they do not have the resources and the networks to engage on these particular occasions.

Gibril Faal: Diagnosis of what the problems are has been done well by very many people. You start from this. Let us take access to finance. If you will permit me, I will mention some of what I think should be the solutions, from DFID's point of view and others. If you take access to finance now, DFID and many development agencies still struggle to get a good working definition of what an SME is. We tend to use a definition based on turnover. That is not helpful, because you are quickly talking about hundreds of thousands of dollars and millions for an SME, whereas if we use a definition of numbers of employees, in many poor countries an SME that hires 50 people may still be turning over a few thousand pounds. You have to get the definition right.

Now, because we get the definition wrong, you find that most of the support that is going to supposed SMEs is going to SMEs that are turning over $500,000 or more. We are well catered for if you want big money and well catered for you if you want tiny sums of money for microfinance, and then there is the squeezed middle, as it were. What about if you want $30,000? Of course, we understand why DFID or other big investors will not touch them. It is too messy. It is too small; it is not worth the trouble. What I think that agencies like DFID need to do is work with intermediaries, which would handle that money and deal with that particular category. That is one particular aspect.

Q100 Jeremy Lefroy: To be fair, just to interrupt, DFID recognises that and does do that, but the point is well made. Often the costs of dealing with those amounts of money, $30,000 as you say, does not interest the banks, because they need $1,000 for you just to walk through the door, in terms of their fee.

Gibril Faal: That is also why you need an intermediary, and the intermediaries are usually social enterprises, which are interested in not losing the money to recover it. AFFORD, the charity that I chaired for many years, has been doing similar things in Sierra Leone, taking the risk. You have to take the risk, but they need to be supported, because otherwise that sector would be neglected.

Q101 Jeremy Lefroy: Financial access is absolutely critical. Could you perhaps list some other challenges that SMEs are facing, perhaps around the tax system and unfair treatment through local tax systems, compared to bigger companies, for instance?

Gibril Faal: That comes to the whole issue of legal structure. Many of them want to operate sort of unregistered. There needs to be, in my view, a creative approach to this, not necessarily to say we would force all of them to the formal sector, but devise different stages of registration. Some countries have done that, whereby all they require is that you register at the municipal authority, for the purposes of collecting taxes. Some of the burden around company law would not apply to you. Again, we just need plurality and to recognise that informality by itself is not necessarily a bad thing. These informal companies are employing millions of people, so we just need to accept that as part of the range and find systems to work with all of them.

Q102 Chair: Do either of you want to add anything on that particular aspect? Particularly I noticed Penny nodding on the social enterprises point, if you wanted to elaborate a bit.

Penny Fowler: I would just like to add on that point that I do think we need to recognise that, to achieve the SDGs, we need to go beyond business as usual and look to some new business models, which do not necessarily drive profit maximisation, but allow more space for innovative ways of distributing the value generated through business to those who often perhaps lose out and do not necessarily get a fair share.

The other point that is important to make is that, for example, many of the poorest and most vulnerable people are themselves part of the private sector, if you want to broaden the definition that far, struggling to make a living through some form of production or selling their labour. They are often facing lots of struggles that will not necessarily be addressed through the market, but may be through social measures or other measures. For example, many informal migrant workers struggle to get registration and to realise their rights, in that regard.

Dr Waygood: I mentioned in my first answer that the rights and responsibilities of ownership are part of a solution here, and to bring that to bear on SMEs. As a very large institutional investor, we invest in a lot of listed companies that, in turn, have SMEs in their supply chain. It is incumbent on us to check the likes of SAB, Diageo, Unilever and others are checking that the supply chain labour standards, for example, are well administered.

We do that. We are not alone as an investor in checking, but there is not that much demand from end clients, end investors, on us to do that checking. Changing that demand environment is a good way to start harnessing the $300 trillion that you referred to earlier, because I believe it is a cascade. We own the likes of M&S, which then has a supply chain that they then need to check. We have a shared set of responsibilities with them for issues like child labour. We need to do our part, but that cascade is not well understood and there is very little demand for responsible long-term sustainable ownership.

Chair: That is a good precursor for a couple of the next questions, actually.

Q103 Fabian Hamilton: It follows on well from what Penny said earlier, as well. Steve, this is really addressed to you, I guess. When we were at the SDG summit, or in New York at the same time as the SDG summit, Amina Mohamed, who we met with, described the SDGs as "17 opportunities for investment". My question really is: do we need a fundamental shift in the way that investors view sustainability in development? How can we bring this about?

Dr Waygood: I think Amina Mohamed is much to be credited with the major success of the SDGs. We worked with her somewhat in delivering some of them, for example 12.6, which talks about the need for corporate disclosure, which we of course need as an investor to be able to integrate these issues. They are 17 opportunities.

They are also 17 market failures. They exist as a problem because the market, as it is currently structured, is not dealing with the issues. They are opportunities but, for them to be properly corrected as market failures, Gibril was talking earlier about the need for fiscal intervention. I would share that, but I would go beyond it. Market failures are corrected through fiscal measures, through market mechanisms such as trading schemes and emissions rating schemes and through standards, both formal as well as informal. For the SDGs to be fully implemented, fully corrected and to fully harness the $300 trillion, we need the market failures to be corrected by governments, as well as asking for the market itself, whether they are a broker, a stock exchange, a fund manager, an investment consultant or an institutional investor, all of those, to be literate in the SDGs and for their business models to be promoting long-term responsible investment, in a way that they do not at the moment.

That is why I was very pleased to see, on paragraph 37 and 38 of the Financing for Development discussion, where the outcome document refers to the need to ensure that governments have understood the supply chain of capital and they have aligned the incentives of those intermediaries with long-term sustainable business practices. They are not at the moment, so you are right to suggest that there is a need for a fundamental rethink.

Q104 Jeremy Lefroy: Just very quickly on that, a few weeks ago, *The Economist* proposed that the tax treatment of debt interest should be changed, in the UK and around the world, because at the moment the tax treatment of debt typically incentivises debt against equity. Would you include that as part of this process?

Dr Waygood: I would, absolutely. People often ask what one thing we would do to the capital markets to ensure they were longer-term and more sustainable. Unfortunately there is no answer, but that one thing would be a good contribution towards longer-term markets, certainly.

John Kay did a very good piece of work that looked at short-termism, but it did not itself look at the long-term issues that the SDGs are looking at. We have an irony, in that the study of short-termism was itself short-term. It was asked to be systemic and look at the whole supply chain of capital, but brokers were not included, stock exchanges were not included and investment consultants were not included.

Your fiscal suggestion is a good idea, but it needs a patient, well-considered, thoughtful approach to the whole supply chain to be able to understand which bits are failing, which bits are reinforcing that short-termism, and then how we change each bit. Your equity/debt solution is a good one, but we also need to think about business models of stock exchanges, for example, which make more money themselves the more that stocks are exchanged, of course. There used to be a regulator 40 or 50 years ago, but where is the conversation around that machine for short-termism and how we harness the listing rule conversation?

We, for example, have recommended that the International Organization of Securities Commissions, which is the global network of national regulators for stock exchanges, should set out what listing rules should say in relation to sustainability performance data. How should, for example, the UK listing authority encourage companies listed in the UK to disclose their performance in this area? I agree with your suggestion, but there are plenty of others that we would need to have in concert.

Q105 Jeremy Lefroy: Would Aviva typically avoid highly leveraged situations when it was making an investment itself, because of that problem with the advantage given to debt interest, as against equity?

Dr Waygood: We are big investors in corporate debt. We are big investors in equities. We have very long-term liabilities. We have been around since 1696 as a business. We have clients who will not be drawing down their money for 30 or 40 years, so we have an inherently long-term business model. As an asset owner and an asset manager that is an unusual long-term paradigm. Of course we consider these characteristics. Our focus has to be on making money for our clients; that is our job. Where these issues over the short term produce returns, then we will factor that in. If the risks outweigh those returns, then we will factor that in.

The problem that we are sharing here today, and the very reason why we participate in the SDG conversation, is that we have seen a new category of strategic risks emerging for the companies that we are investing in. That relates to the assumption, which is generally made in economics, that we have unlimited natural resources, and that is not true. That assumption needs to be challenged. At the moment, our markets are based on that assumption and it is dangerous

Q106 Fiona Bruce: You have touched on a lot of what I was going to ask, Steve. I would just ask how you think shareholders could help to drive up more effective reporting by companies against the SDGs, not just perhaps what we call the market leaders, like Unilever or even Aviva, but across the board. How could that be done?

Dr Waygood: On the day the SDGs were signed at the General Assembly, we had worked with the Principles for Responsible Investment, which represents $60 trillion of assets under management. Aviva drafted the letter and they then sent it to $38 trillion worth of corporate capital, so in other words the MSCI World Index. We wrote to their Chairman and we encouraged the Chairman to consider what their company could do, at its best, to help deliver the SDGs. That is one example of what we can do: just simply asking the companies that we do and can invest in to think about them.

Secondly, ask them to disclose their performance. Thirdly, if their performance is lacking, vote against perhaps the director in charge of that performance. Fourthly, when we allocate capital and when we make investment decisions, factor in the long-term performance data around the sustainability of the business, so that, when we make investment decisions, we reward good companies that are good at SDGs. The market failure problem at the moment means that you can be an excellent sustainable business, but because the markets are so short-term, because these failures have not been corrected, a sustainable business is not systematically rewarded with a lower cost of capital. That is how the market should work and it is not.

Q107 Fiona Bruce: That is very interesting, thank you. When we were in New York, the extractive industries talked about developing a charter between them and then holding themselves accountable to the UN for this. Do you have any comments on that idea?

Dr Waygood: We are very strong supporters of the Extractive Industries Transparency Initiative. We are members. The voluntary initiatives of leaders, such as those that are members of that, are much to be welcomed. There is more to be had from companies that are very high-profile, particularly with big brands. We can encourage them to do more on a voluntary basis. However, it does not work for the vast majority of listed companies, which are not big and do not have big brands, and that is where benchmarks come in. We take the best-practice framework of the best. We make sure they are rewarded by being seen as the best, and then that framework can be used to rank, as I was describing earlier, sector by sector on SDG issues. I am not suggesting we lump them all into one number, but we could do human rights, climate change, labour standards and so on. We can have a performance dashboard for companies on the SDGs, which does not just talk to the biggest and the best, but also incorporates the rest.

Q108 Chair: A number of you have talked about DFID and its work with the private sector, during the evidence session this morning. Can I ask each of you briefly to address the key thing that you think DFID needs to change in its approach to be more effective in working with the private sector? Perhaps I can ask Penny to go first this time.

Penny Fowler: It is great that DFID is engaging more with business. One of the things it needs to do and ensure it is doing well is holding business, where it is receiving development aid, to the same principles and to account alongside other development actors, ensuring that it is able to account for and report the outcomes of that investment, in terms of poverty reduction. That is obviously the mission of DFID. There is a really key and important point there, which links a lot of what Steve has just been referring to around transparency and reporting and demonstrating impact.

A lot of what DFID is already doing builds capacity in developing countries. A key part in implementing the SDGs is going to be to have effective national frameworks, targets and processes that are inclusive and draw together the key actors, so that they understand the different rules and responsibilities and are held to account by each other for making progress on these things. There is a lot DFID can do to use its convening power to bring those actors together to support that process.

In terms of achieving scale, we have talked about the different kinds of business, so big business and multinational companies often get a lot of attention and are most engaged in these kinds of processes. We have talked about small and medium-sized enterprises. Larger national companies will need to be engaged in these national processes, and they are going to be key providers of domestic investment and resource mobilisation.

The third and maybe final point is providing support to address the implementation gap. Sometimes policies are in place, but they are just not implemented. Whether you are talking about taxation and ensuring that there is capacity in developing countries to collect the tax revenue that is needed to provide essential public services that is one key example. There are also things that need to be done at the global level on that issue, as well, in terms of global tax reforms, pushing for country-by-country reporting, which is another transparency issue that will help to ensure that taxes are paid on value created, in the place where it is created. That is an issue also for companies. There is often an implementation gap, even in some of the best, leading companies, where they thing they are doing the right thing and have great policies, but actually the reality on the ground of doing business can be very challenging.

You need to have this collaborative approach. To achieve scale is often a question of having a sectoral approach, because it is often very hard for a single company to start paying a living wage or a higher wage on its own. You need to look at all stakeholders together and we have done quite a lot of research with companies in different sectors looking at wage rates, for example, finding that they are low, in some cases. In the tea sector in Malawi, they are below poverty levels even. They are not just below living wages. There is a very exciting initiative happening in Malawi, at the moment, to bring all the different actors together in the tea sector to try to work out how to move that forward.

Gibril Faal: We can look at it as omissions and commissions. What should be omitted? What should not be done? We talk about the 17 opportunities of the SDGs, and the Financing for Development framework has many new innovations. One particular area is public-private partnerships and PFI. It is in there now big time, courtesy of the UK, because we have pioneered these things here.

We already know from the UK and other experience that they have since stopped being development finance instruments for public infrastructure to become financial instruments that are traded. There is a very vibrant secondary market in PPPs, for example. We need to make sure that some of those negative elements of it are not replicated in the PPP/PFI framework in international development. Usually the private financial businesses that lead these contracts are far more experienced and qualified than their government counterparts. DFID should play a role in that to make sure that the PFI/PPP framework we have is a fair one that serves public infrastructure development.

The second element of omissions is that, earlier today, you were talking about indicators and how to support national statistics authorities. Although I am not totally comfortable with the fact that indicators are being dealt with by national statistic authorities, we need to support them, because they have a propensity to focus on quantitative indicators that lack the probative character that really goes to the heart of development. We need to get in there to make sure they are independent. In the UK, we have now made our statistical authority independent, but in many countries they are not independent. They need to be independent from government and have the input of civil society and business. Those are two examples.

In terms of what can be done—commissions, as it were—we have talked a lot about the trillions of international finance. A good lot of money actually sits within countries and never goes out. Even amongst the poorest countries, the richest institutions are the social security bodies. They are collecting lots of cash, which is why some of these countries are very heavily indebted with local debt. The local debt ratio is very high, because they are borrowing money from social security institutions. Those institutions are not usually bold or innovative in how they use their money. There is room for DFID's involvement in supporting that.

Lastly, just to repeat the point of the importance of finding intermediation, DFID should not just leave alone the bits that it cannot do. If it is important, it has to find the right partner and work with them.

Dr Waygood: I strongly welcome this review, because our key concern at the moment with the SDGs is that such wonderful success is rapidly forgotten, over 15 years. We need to make sure that there are review points that keep this alive. David Cameron was right to be proud to be part of the High-Level Panel, and I would hope that that panel revisits performance periodically, in relation to national delivery on the SDGs and that very clear but extensive policy framework. I am not sure what the intention is, but I wonder whether a suggestion could be made to that end.

Three other things from a DFID perspective are that we have seconded our Chief Marketing Officer to Project Everyone. It has helped deliver communication of the SDGs to over 3 billion people in the first few weeks. I am sure that Project Everyone could do with the support of DFID, financial and otherwise.

Secondly, we have proposed that the UN General Assembly agrees a roadmap for sustainable capital markets to harness the $300 trillion. We would like to think that an ambitious but doable deadline would be 2017 for such a resolution. We would love to work with DFID in creating such a resolution and seeing it through at the UN.

Thirdly, I have mentioned the need for benchmarks. We would very happily work with the statisticians that exist to make sure that the indicators that are being built for corporate performance, in relation to the SDGs, reflect best practice in the responsible investment world, and look at, for example, how countries' policy frameworks reflects the SDGs, how their governance does and so on, so that we can then benchmark performance in that area and make sure it is disclosed. That soft law, that soft normative framework, is missing and it needs to be corrected.

Q109 Mr Nigel Evans: If you are selling washing powder around the world, what is in it for you to get involved with SDGs?

Dr Waygood: I am not selling washing powder.

Mr Nigel Evans: If you are a company that is, what is the moral imperative or indeed commercial imperative that you get involved fully with the SDGs?

Dr Waygood: There is a considerable amount within the SDG framework around sanitation and the need for cleanliness, broadly speaking, to reduce the communicable diseases that exist. If you can work with national governments in key emerging markets to help them correct problems with your distribution chain then, as Unilever has shown, it is possible to make a considerable amount of money from doing exactly what you have just described, whilst opening up new markets, building a brand for your firm, which then means you will be front of mind as that country continues to develop.

Q110 Mr Nigel Evans: There is a commercial imperative as well as a moral imperative.

Dr Waygood: For the business that you have just described, definitely, but there are other businesses that might, unwittingly and unknowingly, have negative impacts on the SDGs. My question back to you is: what is the commercial imperative on them to deliver the SDGs? I think it is missing.

Q111 Mr Nigel Evans: That is a great question. You have talked about benchmarking particularly industries that are doing well and those that are not. Coca-Cola gets to where water does not, sometimes. Their reach is quite amazing. Is there a list of firms that are doing incredibly well, whether from their own commercial interests or not, and also a shame list of those firms that, for whatever reason, do not want to touch SDGs, do not want to touch anything to do with international development, so at least they can be exposed, so people can make their own judgments as to whether they should buy their products?

Dr Waygood: That does not exist. There are a few attempts at that kind of an initiative. I mentioned Behind the Brands earlier, where some of the issues in the SDGs are scored by Oxfam for some of the sectors. What you have just described is almost exactly what I am proposing in the delivery and execution of public, open-source, accessible benchmarks. A multi-stakeholder partnership has created the criteria. They are considered authoritative. There is some kind of oversight mechanism. The disclosure is careful. Companies are forewarned that they will be ranked, and it is issue by issue and sector by sector. I do not think that you can wrap them all up in one go.

My team spends a considerable amount of money on privately held data that does rank corporate performance in this space. There are now, and there have been for over a decade, independent research providers that exist to do what you have just described but, to pay their analysts, they have to charge for the product. Therefore, it is privately held data. I think it should be shared publicly.

Q112 Jeremy Lefroy: Perhaps Penny could start on answering this one. It is all about multi-sectoral partnerships, which quite a lot of people have referred to in evidence that they have submitted in writing. It seems that these are useful. We have certainly seen examples of good ones in the past, but how can they work? How can they support SDGs? Should they be focused on specific goals? What are the challenges that perhaps you, from your experience, can describe as them facing?

Penny Fowler: They can be really useful, but there are some key factors that need to be considered, in order for partnerships or collaborations to succeed, including having a shared understanding of the problem. As I have mentioned earlier, what we have found to be one of the most useful ways forward is to convene different stakeholders together, or partners, who initially come with quite different understandings and perspectives of the problem. Doing some joint research or something like that is a really useful way to try to identify and align objectives, and an understanding of what is needed to take things forward.

You need to first of all have a clear shared understanding of what the problem is you are trying to address, and then to have a really clear understanding of the different roles and responsibilities of the different partners, and a mutual respect for what each partner brings to the table. That is not necessarily all about money and finance, but can equally be contacts and understanding of the context of the situation and what is needed. It is really important for success for all the relevant stakeholders to be involved, so participation by all the key stakeholders is really important, and then a really concrete roadmap with milestones to check on progress along the way and ensure follow-through. We need to move from pure partnerships into policies and then implementation of those policies.

Q113 Jeremy Lefroy: UNDP has suggested that DFID could promote the idea of goal-specific partnerships. Do you think that is useful or perhaps too narrow, given that partnerships might often cover things like employment and health, or perhaps water and even climate, at the same time?

Penny Fowler: I do not have a set view on this, but I do know that, for example, quite a lot of companies that we are engaging with are interested in women's economic empowerment. It makes sense to them, both from a commercial perspective and a moral perspective. Our analysis and our experience of working on that issue shows us that it is not possible to achieve women's economic empowerment purely by focusing on the economic or market aspects of that issue; you also need to address many of the social aspects of the issue as well, whether you are talking about violence against women, education or family planning. These things are interdependent of each other. It is the systemic change that we are talking about here, and the SDGs and their achievement need to be looked at in that broader context.

There are going to be some trade-offs and some difficult issues and potential conflicts, which will need mediating along the way. That is where you have the value of collaboration and partnerships to try to understand what those tensions are and how you can overcome them.

Chair: Thank you very much indeed. We are out of time. Thanks to all three of you for coming along. This has been extremely helpful and informative this morning.