CAN FINANCE AID THE POOR?

THE GLOBAL SAVINGS GLUT, FINANCE AND DEVELOPMENT

Professor Nathan Sussman
Overall inequality global inequality and poverty are decreasing

Gains made in Asia

But, poverty concentrated in Africa and the numbers are higher

Opportunity gaps between ‘North’ and ‘South’

The role of financial capitalism:
Wall Street versus Walmart
Savings’ Glut?

<Diagram showing developments in total financial assets and liabilities of households and non-profit institutions serving households, 2008-2018 (billion EUR).>
Real yields on long term safe assets
Pension fund assets on the rise

Total assets in funded and private pension plans, OECD, trillions of USD, 2008-2018

Total assets in funded and private pension plans, as % of GDP, OECD, 2008-2018

*Note: Data includes both funded and private pension plans.*
Major players in Pension’s fund market

<table>
<thead>
<tr>
<th>Country</th>
<th>Trillion $US</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>27.5</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2.8</td>
</tr>
<tr>
<td>Canada</td>
<td>2.5</td>
</tr>
<tr>
<td>Australia</td>
<td>1.9</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1.5</td>
</tr>
<tr>
<td>Japan</td>
<td>1.4</td>
</tr>
<tr>
<td>Switzerland</td>
<td>1.0</td>
</tr>
<tr>
<td>Denmark</td>
<td>0.7</td>
</tr>
<tr>
<td>Sweden</td>
<td>0.5</td>
</tr>
<tr>
<td>Korea</td>
<td>0.5</td>
</tr>
</tbody>
</table>
The financial system and the future of retirement savings
A solution: invest pension funds in poor countries’ growth potential.
WHAT’S IN IT FOR ME?
Comparison of potential annual yields percent

Assumptions: low estimate: convergence of portfolio of low income ($740 per capita) to middle income economies ($5,000 per capita) in 40 years. High estimate: in 20 years. Reference – Swiss GDP per capita: $80,000.
The only bad workout is the one that didn't happen.
Cumulative investment from abroad in U.S $30 Trillion
Mismatch between Foreign direct investment and population

Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).
Can It Be Done?

The Life Boat Big as a Ship

Upper decks are released from sinking ship and are supported by the gigantic life boat. CAN IT BE DONE?

By RAY GROSS

Illustrations by WINTER
Yes! Pension funds’ assets: $45 Trillion

Annual capital formation ALL low income countries: $0.25 Trillion

Annual expenditure on education ALL low income countries: $0.23 Trillion
It was done in the past
Total FDI per capita 1914 versus 1990-2018, $US

Infrastructure investment: From railways to renewable energy
But still very low for lesser developed economies.
INVEST in CHILDREN

How should companies think about kids?

- Are the countries where we operate doing all they can for kids?
- Are stakeholdrs potential customers?
- Current sustainability factor?
- Future customers
- Here's how we were successful:
- Media research
- Business
- Connect
- Scale
- Support

LITERACY
NUMERACY
SELF-ADVOCACY

CONSEQUENCES!

FORCE
THREAT of VIOLENCE at schools

CHILDREN NEED to be at the CORE of the WORLD AGENDA!

SUPERPOWER OF CHILDREN Raising awareness – adults to learn

THE MESSAGERS

INSPIRING PARENTS & TEACHERS

LIT LOST POTENTIAL

"$30 "

Transparency

HONESTY

WHAT IS THE VALUE?

KEY STAKEHOLDERS

ARE THE COUNTRIES WHERE WE OPERATE DOING ALL THEY CAN FOR KIDS?

LEARN
TRUST
PLAY
STATE OF ISRAEL
MINISTRY OF FINANCE - CAPITAL MARKET, INSURANCE AND SAVINGS DIVISION

Savings plan for each child - explanation
Investment deposit for each child

Investment in the economy

Tax revenue

Starting capital for young adults

Share in economy’s wealth

Economic Growth

Economic Growth

FDI

Return
Investing $10 per month in African children 0-18

Cost in billion $U.S.

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
<th>2040</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>69</td>
<td>77</td>
<td>84</td>
<td>90</td>
<td>97</td>
</tr>
</tbody>
</table>

Start up capital at age of 18

<table>
<thead>
<tr>
<th>Rate of return</th>
<th>4%</th>
<th>6%</th>
<th>8%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of profolio</td>
<td>$3475</td>
<td>$4465</td>
<td>$5775</td>
</tr>
</tbody>
</table>
to do list:

- Capital Markets
- Regulation
- Assets Measure
  IMPACT
Thank You!!