

**Good Things Happen Podcast – Season 2**  
**E2: Eliminating Poverty\_Jason Channell & Jamie Coats**

**Jorian (00:10)**

Goal number one of the 17 United Nations sustainability goals is to eliminate poverty. No poverty. The statement couldn't be simpler, but what does this mean? In a world that's dealing with increasing health and political crises, how are we doing with this priority goal? Where does one start with such a task? What even is poverty? How is it defined and how does one measure something so abstract? To help answer these questions and more are Jamie Coats, the president and CEO of Wise Responder and Citi's Head of Sustainable Finance from within the Global Insights team, Jason Channell.

Welcome to Good Things Happen where we will discuss the challenge to eliminate global poverty.  
Welcome Jamie. Please tell us a bit about yourself and who and what is Wise Responder.

**Jamie (01:02)**

So, hello. I'm Jamie Coats, the CEO of Wise Responder. We're a data analytics business that came out of Oxford University. We're specialists in the measurement of poverty by its multiple dimensions; health, education, assets, employment, and safety. Our specialty is looking at actually what is the composition of poverty, as opposed to just looking at it just through money. I talk about this as the minion view of the world, and there are three types of little minions, who are those little characters. There's a minion with no eyes, the people who basically don't care. There's a minion with one eye, who just looked at money and just said, money, money, money, how much is in your bank account.

There's a minion with two eyes who's smart enough to say, yes, I'm still looking through money because that's really important, but I'm also looking at the multiple dimensions. I'm looking at you as a human being and what does a human being mean. In our world is about health, education, assets, and safety. What's exciting is Citi is looking at the world through two eyes. They're looking at it through investment and they're looking at what's happening for the human beings, and we bring that analytics. How do you actually count what is the composition of health, education, assets? There's a little test you can do. If any of you've got kids and you've got students, you can ask a student are you multidimensionally rich? Do you have a nice place to go to university, can you go home to bed, do you have an education, do you have healthcare and so on. How much money do you have in your bank accounts?

Students, unlike most people in the world, are multidimensionally rich but cash poor. The rest of the world, it's typically the other way round. So, it's really important to understand the multiple dimensions of it to see the world in two eyes, and Citi is not just counting money. They're actually counting three things these days. They're counting money, carbon, and they're counting wellbeing units, which is reducing multidimensional poverty. So, we've been having this conversation about how when you look with those lenses, you can look at risk, you can look at connecting investment where it's needed, you'd be looking to make a better difference.

**Jorian (03:14)**

Wow. Jason, tell us about your role within Citi. How would you define your responsibility?

**Jason (03:22)**

Thanks, Jorian and lovely to be here with you both today. My role is a bit of a different one to what most people would think of from within a bank. I mean my background is very much as a financial analyst. So, I do, as Jamie said, I do originally come from this from a financial perspective. But the part of the bank that I look after now, Citi Global Insights and within that the sustainability team, really it's like

an internal think tank. We're responsible for producing all of the key thought leadership for the bank, and the majority of that comes out through one product here which is called the GPS product, and that's what we worked on with Jamie and his organization at Oxford.

They cover everything really. They're easy to find on the internet. There's no paywall or anything. You just Google Citi GPS. But the remit for Citi GPS is that it is designed to tackle the biggest challenges and opportunities facing the global economy, the planet and society over the coming decade. So, it's a pretty broad remit. We look at everything from, as Jamie said, the climate change and carbon to other environmental things - so watered down to the built environment, infrastructure, things like that. But we also very much focus on the "S" in ESG. So that is obviously poverty, which we're talking about today. But within that, it's the other kind of UN sustainable development goals, the education and the health and things like that. We also recognize what we don't know, which is why it's wonderful to have the opportunity to work with people like Jamie. So, we will go out and we will find the world's leading experts in whatever we're looking at because it's very important that we recognize where our expertise ends and where we need somebody else that's an expert in something else.

We produce a lot of that stuff... The reach of this is pretty extraordinary. We take that through to governments, to sovereigns, to ministries, as well as to supranational organizations like the UN and to corporates all around the world as well as institutional investors all around the world so we work with the clients of Citi and all the different parts of Citi. So, the unique privilege, I guess, for us is that very often in the world of finance, you tend to be a little bit siloed and you'll deal with one bit of that. But we get to talk to the people who've got the money, that are trying to deploy the money and I'm sure we'll come onto this later, they're often very frustrated in that it's not that the money's not there, but the vehicles aren't there to deploy it. And very much with the people on the other side, whether it's emerging market sovereigns or corporates or whatever, who were trying to access the money and obviously a bit confused that they can't find out what the blockages are.

That's what these sorts of debates and partnerships are designed to help break down. So, increase the understanding and then break down the barriers.

### **Jorian (05:59)**

So, you're working together to open ears are you? These are people who are seeking your help to break down this mind-boggling goal of eliminating poverty. You're not lobbying them. You're not hectoring them. You're not challenging them.

### **Jason (06:15)**

Nope. No. There's no agenda from that perspective, right. It's that they're all clients of the firm, right? Many of them have been clients for a very, very long time. We've been around for more than 200 years. One of the big drivers behind the recent push or levels of interest in these kinds of subjects is obviously the rise of sustainable finance and ESG, right? And this isn't a niche activity out there anymore. I mean, we can debate the numbers, but there's 35 or 40 trillion dollars of assets under management now that is being ESG screened. You've got the signatories to the UN backed Principles of Responsible Investment. That's north of 100 trillion. If we look at COP26 in Glasgow last year, the people that signed up to GFANZ, which was the Glasgow Financial Alliance for Net Zero, now not all of that money is going to be put towards net zero, but what they're responsible for is north of 130 trillion, right.

So, it's actually the majority of capital out there in markets now which is wanting to consider these other dimensions. In the past, we used to look at this stuff and say, well, I have my fiduciary duty, and if I think about social and environmental duties, then there's some kind of trade off in there with the financial returns. I think we've moved on from that now, recognizing that these things are material factors of risk and opportunity and actually to not include them would be a dereliction of fiduciary duty. So this is all very much in the mainstream now. And as I say, it's that, yes, investors want a financial return, but they also want to understand what they're doing with the money, what are they achieving with the money, and trying to report back to those ultimate asset owners about what they've done with your money. What's the other stuff? I haven't just given you some extra money back. What have you done with it, right? What impact have you had on the world?

I think that's where things like the multidimensional poverty index allows you to demonstrate that and help to raise the capital but prove what you're doing.

**Jorian (08:09)**

Is there where you come in?

**Jamie (08:10)**

Poverty exists and it causes issues and problems. So it's already there and people know it's there. One of the great things I've heard from Citi is we don't have the measurements that are reporting the actual health on the ground. I'm going to give you two particular stories. In 2019, the Minister of Social Progress from Chile goes to the United Nations, and she puts up two numbers on the screen. The number of people in Chile who are poor by financial measures, 1.5 million. Then she puts up the number of people who are poor by Chile's multidimensional poverty metric, 3.5 million.

In October, the Finance Ministry puts a 20% fare rise on the Santiago subway system and you have near revolution. You've now got a constitutional revision. You've got a 36-year-old socialist president in a high-income country. That's where looking at the multidimensional numbers you can tell that was a massive problem there. So that's on the risk side. If you're looking about investment side with Citi, I was talking to a finance minister in the country, and we were talking about nitty gritty. He said investors want to know specifically where the money's going. Is it going, in this case, into a school in a particular area? And he made a really interesting point which is that he would not include in any bond deal any investment unless he knew there was the reporting that could report back on the bond and on the SDGs.

So, what he's saying is if I have reporting that can report on that, I get access to capital. And if I don't, I won't do it. And the word nitty gritty, investors are looking all the way through. So how do you come up with metrics that are real? I was absolutely floored when I walked into a meeting with debt capital management at Citi and the guy walks in and says, "Actually, I want to know if this'll make a difference in a real person's life?" Well, to go from an asset manager down to a real person's life and back up again, what metrics do that or are we just making up numbers that we invent in financial markets? What the multidimensional has done is that, thanks to Oxford University who've spent more than a decade traveling around all the developed countries in the world, they have gone through and listened at each country's level what is the composition of poverty. So, you've got locally determined metrics in an internationally recognized framework.

So, you're not just showing up and saying I'm telling you what to do. The amazing thing is you can show up in a country and say, "Guess what, you've done the hard work, you've set all these criterias. We can work with you to meet the goals that you have that are available." I think this is incredibly important because there is a really thorny issue that's potentially going to blow up our world, and it goes something like this. Carbon emissions we need to reduce. And it turns out that the single most important indicator for pulling people out of poverty, Oxford and Rockefeller Foundation did a report on is energy access? Of course, the fastest way to get energy access has been through hydrocarbons.

So, you've got countries that want to pull people out of poverty, and you've got the world wanting people not to develop and we need the world not to develop more hydrocarbons, but how do you get people out of poverty? And if you just say net zero, if you do what the economist says which is only emissions matter, well, if you're trying to get re-elected I assure you on the ground in South Africa or Colombia or whatever, I assure you you're going to have to promise that people come out of poverty. Otherwise, you're not going to get reelected. So, if you don't put P-zero next to net zero, we're not going to get there. So, I call myself a democratic environmentalist.

**Jorian (12:02)**

So, there's a conflict between protecting the planet and protecting people and how does one wrestle that? You both sound so optimistic about a thing that sounds intractable to me.

### **Jason (12:13)**

I mean yes and no, right? If you look at all of the SDGs, right, the UN SDGs, there are some sort of classic destructive or negative feedback loops within them, right. So, one of the ones that we've been talking a lot about recent years, and it's obviously a very, very topical issue, but it's food insecurity and hunger, right. Now we've got, what, seven and a half odd billion people on the planet at the moment. We're going to have 10 billion by mid-century, and yet, what most people don't realize is that round about a third of emissions come from the food system, right? So, can we feed 10 billion people? Yeah, we can feed 10 billion people, but you're not going to get to net zero.

So, there are negative influences and positive feedback loops and negative feedback loops between all of the goals, right. But it doesn't mean that they are in any way mutually exclusive. What it means, as Jamie's trying to say, is that one has to think about them in a holistic sense and there's very little point in achieving one if you push another one back by miles. You'll often hear people use the phrase all roads lead to SDG one, right, the eradication of poverty. It's no accident that it's the first one, as you said right at the beginning, right, because they all feed into that, whether it's access to water or education or health or housing or jobs or political representation or gender equality or whatever. These are all factors and if you don't have it, can be a form of multidimensional poverty. So, they do all feed into this thing.

It's obviously much, much harder to achieve all of them in a sort of a positive symbiotic kind of way, right? But it doesn't mean it's impossible, and I would argue as well that actually if you achieve one at the expense of others, as Jamie's saying, well it's not sustainable, right? And I don't mean sustainable in the conceptual sense. I mean in the dictionary sense of the word, right, because there's no point giving everyone access to a doctor and nothing to eat, because it's just not going to work. It's a silly example, but it won't work if you just do one. You've got to do them all.

### **Jamie (14:16)**

The approach that we've brought mathematically models the composition of health, education, and assets, and that's important because you can then set baselines and see movement against it. Now I heard the CEO of one company say, "When you get this data back and you really see it, if you aren't depressed, you aren't human." But what you need to know is once you've got a baseline, you can make incremental improvement and see that. What the work that Oxford's done, and we are bringing to private sector is now you can mathematically model that, and therefore you can begin to see the implications and you can begin to see the difference.

And it's down to very specific things. I mean the indicators that countries pick, they're limited. But they're actionable. It is about water into a particular village. It is about extending the amount of education and you can begin to see very specific things. So, one of the things that's been learnt is that if people are education deprived, microfinance can be a really powerful way for helping people who have less education, therefore less assets, to fall on economy of being able to be more prosperous by getting learning through the support that comes through the microfinance.

So, you begin to see how you can tackle things, but you've got to be specific. I think what's exciting is that the environmental world has modeled a way of creating metrics. So literally, someone like Jason does count in money and carbon now, and what we now need to bring is a real clarity around counting in the "S" and not to give up on that. And the methodology, this calculation that Professor Sabina Alkire and James Foster created, the Alkire-Foster method allows you to take these multiple things and mathematically model them. That sounds sophisticated, but countries like Colombia, Costa Rica, India now actually use these to look at their own budget allocations. It's a really powerful way of saying, okay, we're poor in our country because of education or lack of water or whatever it is, and we're going to focus in there.

So we've got these tools. They are now available. They can be combined and they can be combined in a way that, as Jason put it, is holistic and realistic on the ground.

### **Jason (16:39)**

I tend to think of it as there's a kind of antithesis of the fabled helicopter drop, which we can debate the efficacy of that for a long time, but it's not actually going to change anything, right, and this is I think the whole point behind what Jamie's team were trying to do so brilliantly. The monetary figure, and I think it's being updated later this year, but that's been used by the UN for years is less than \$1.90 a day, which there's still north of 700 million people in the world that exist on that. Most of us will go out and spend that on a coffee without even thinking about it. So, it really does make you pause and think about this.

But the reality is if you suddenly get somebody to a lot more than that financially a day, but they still don't have education or health or somewhere to live or water or electricity, how much does that improve things? So, as Jamie said, you can really get to the root of defining exactly what poverty is in a multidimensional sense. It means that you can look at all of these things, and one of the things we did in the report with Jamie's team as well was to look at the economic multiplier effect. They're going to be different everywhere around the world, but which is to say if I spend a dollar on that, and if I do it effectively, then theoretically I can drive that many dollars of impact because it ripples through the economy, right. That's going to come in different ways and different multiplier effects in different parts of the world.

But you can, as I say, do the antithesis of your helicopter drop. You can actually target it at what's the root cause of poverty, what delivers the biggest bang for buck, and you can either go for bang for buck or you can go biggest social impact or a mixture of both, right? Ultimately, you hope they're the same thing. And I think one thing we haven't mentioned which is important to mention is that obviously it helps you to understand what you need to spend money on, it helps you to track it, as Jamie was saying, with a baseline. It also helps you to report on it, which is what the capital wants, and it allows you to harness some of these new financial instruments which are really quite innovative. So, we've seen the rise of green bonds. We've now seen the rise of sustainability in social bonds as well, but there's also new instruments like KPI linked bonds out there. So effectively the cost of that capital will actually change depending on the achievement or not of particular metrics.

And something like a multidimensional poverty index potentially, it gives you that KPI and it works financially because you're saying if I lend money into this country, let's say, or a city or whatever and the thing that is really holding back the economic development there or political or social development is this thing. If this money is directed towards that, that will theoretically boost growth. It will reduce risk, the cost of capital reduces with that lower risk. And the investors who are frustrated, they've got the capital they want to deploy but they can't to get that capital in and it allows you to potentially get the capital to where it's needed where it can make the biggest difference to people's lives.

### **Jamie (19:26)**

Yeah, and people will say well our most important asset is our people. Okay, well let's have a look at that from Jason's perspective. So, our question is can you bank wellbeing, and let me take that apart a little bit. I mean that in can you actually change people's lives so you get loyalty, the ability to be prosperous on the ground, and then is that data good enough that you can connect to this capital in the market?

I think what's really interesting is what's changing in all of this. If you focus on banking and wellbeing and we get the statistics that can be verified and of high enough quality that this goes from not being a social cost to actually being lowering your cost of capital. So actually, the infrastructure, not only does it make people feel good on the ground, build loyalty, and so on and rapport, but actually potentially lowers your costs and gives you easier cost of capital because the capital is there wanting to make a difference, but as Jason said, what's the connection. Our role is this actually really difficult place to be which is, let's say you're a business and you're supporting a mom-and-pop corner store and you need to ask questions about the social capital there, and you're in a business that's borrowing from the markets and the bankers want data to do that. What is that data that can flow and what is the value exchange at both ends? So, what's the value for people providing that data and what's reporting?

Wise Responder is in the middle of it saying, okay, this is a locally determined set of indicators that are relevant to that family that's running that corner business, but it's in a framework that you can actually compare, at some level for the bankers because they want global comparability. People on the ground want exact context for their situation, and that tension has to be managed. And it's interesting. I describe it a bit like imagine you show up after a tsunami and your job is to help everybody there, but I'm going to take away one thing from you. I'm not going to allow you to have any cash in your pocket. So, you've got to barter all these help from people. It's going to be really, really slow how you help these people.

Now, if I take you there with some cash and you carefully use it, it makes a difference. I think in the social metrics framework, there hasn't been a common set of measurement until today. And I think what Citi's looked around the world and said "Well where is it?" And they've discovered that countries in emerging markets have been putting through their national planning offices and their legislatures multidimensional poverty measures and the framework that Oxford created and realized that there is actually a currency there. I think what we'll see emerge is a set of measures. There won't be one global measure. I'll give you an example why the acute measure set with standards that the UNDP and Oxford set covers about 127 countries and then it goes to zero acute poverty.

Then if you go to a particular country, interesting, I'll use Colombia which has a new president, they have a very well-developed multidimensional measure. It was the framework of that measure that actually framed much of the election, and within three days of being in office he came out with his plan with goals to lower multidimensional poverty. Interestingly, that had all been developed under more right leaning governments because this is actually about functional pragmatism.

So you've now got the ability to create a social metric that can be used across the world, and the environmentalists have now created that with net zero and that's becoming standardized. What we now need to work together on is using the social metrics in a similar way.

### **Jason (22:51)**

It's a really interesting point that Jamie's just brought up as well, right? We mustn't fall into the trap of thinking this is just an emerging market thing. There is an awful lot of poverty around the world and particularly if one thinks about this correctly in a multidimensional sense because you can be in a comparatively rich country, but it could be the slightly less tangible things like a lack of political representation. I mean it could be the tangible things like housing or et cetera, or it could be those sort of social basics like access to education or healthcare. But there are an awful lot of people around the world who exist on a lot more than \$1.90 a day.

If you take the other monetary lines, if you take the upper poverty line, it's \$5.50 a day. Jamie will correct me, but I think that's about 45% of the world's population lives on this. It's extraordinary, right? This is not a niche thing. That is very easy for people to fall into a trap, you know they have a mental image of an emerging market country somewhere and it's very much a concentrated thing. Now extreme poverty is concentrated, but it is far more prevalent than people think, and a metric like this allows us to tackle it in all sorts of different countries. It may be much easier to raise capital in some of those countries, but in a way, it doesn't make the personal situation of the people that benefit any less pressing, right.

### **Jorian (24:08)**

We've talked about governments. We've talked about private sector. We've talked about banks being part of this goal. I would like to bring it right down to individuals. I'm sure we will have listeners who are fascinated by the jobs that you both do, and I'd love some insight into how you both got into the work that you do. Jason, I know you did engineering science and management. How did you get involved in the work that you're doing now?

**Jason (24:33)**

Yeah, you're absolutely right. I did. I then sort of flipped from engineering into finance, but my original engineering activities had an energy focus, and I've done a lot of sectors industries over the years. But again, probably more of a focus on energy than anything else, and that's really how I kind of end up doing this because I was in the "E" of ESG, if you like. In around about, but it's frightening to think how long it is now, but about 20 years ago I flipped over just as the alternative energy thing was really starting to build up, and I built one of the first franchises out there looking at alternative energy and clean tech back in the early 2000s.

So, I've been in the E in ESG for a very, very long time. But very much coming at it from a financial perspective about how did one integrate this properly into the investment process. There's nothing wrong with sustainability principle type of things, but where I think the industry has struggled over the last couple of decades has been there's been a lot of people that speak sustainability and a lot of people that speak finance and not many people that speak both. So, I slightly fell into ESG I guess from that perspective from an interest in the clean energy side. Then broadened out into ESG and eventually stopped covering stocks financially and partly because of the structure that we have in financial markets in that we were very close to institutional investors, but as I said right at the beginning, we weren't having that debate in such a powerful way with corporates and with sovereigns.

So, we created a new unit here called Citi Global Insights, which was pretty unique in the market where we're still on the public side, but we speak to investors, we speak to corporates, we speak to sovereigns, we speak to super nationals like the UN, et cetera. So, you can see the whole picture, but then we also get to work closely with brilliant minds around the world like Jamie and various other people we've worked closely with on these other reports as well.

I absolutely love my job and I think one of the things about finance is it's very easy for people to look at big, bad banks and evil finance and markets and those kind of things. And within a bank, there's thousands and thousands of different types of jobs, right, and banks and finance can be an enormous force for good, right. Yes, one has to be mindful of that and making sure that you are doing that and we're very much trying to do that. But I think it's maybe not people's first port of call to think well I want to make a difference, I'll go and work for a bank. But I mean, you genuinely can and I would argue that's what the big difference with, for example, Paris was with 2015, right? Yes, the world was moving that way, but the big difference there was that the money was in the room because it had suddenly woken up to the concept of the risk of stranded assets.

So, if done correctly, money can be an enormous force for good.

**Jorian (27:19)**

Jamie, I want you to tell your story. I read somewhere that you said you're now focused on supporting practical steps to support the least in the world. What drove you to that? Tell us your story that led you to do what you do now.

**Jamie (27:33)**

I love to solve complex problems, and I also love talking with people from different backgrounds.

I began life with an organization called Business in the Community in the UK that began after the riots in the UK, and I had this amazing training-

I began to realize if you can pull people together, you can make a difference. So, I've spent my life doing that, pulling people across different sectors and saying can we solve something. Then suddenly, this world exists of the internet and communication where it becomes a lot easier to do that, and the problem then is what is the imagination of how we use this to really make a difference? So, I've been really interested in seeing how we can do that.

So that's what motivates me, and it's exciting. I think we've got new ways of doing stuff in the world that we didn't have before. We've got new ways of listening and putting it back together. I'll just come back to the holistic thing. I think the bankers are smart enough that they actually want the total

theory of everything because they want to take the risk out of everything and just be rich, and they keep looking at that model. So, their models are telling them, well hang on a minute, the risk went wrong. So, they go and look, and they've gone to look at gender. I mean Citigroup has done an amazing job of that. They've gone to look at biomass, and now they're looking at poverty. It comes back. The systems don't report correctly because they're not measuring risk, and Citi's actually used its nose to realize that under the global theory of everything it's become a really interesting place. They're using their analytical discipline to put it all back together again.

That's what I'm excited about and that's why it's a real pleasure to work with them, and I get to tease them that my job is to corrupt the bankers to care about the poor, but actually they're already there. Because on the total theory of removing risk, they're already there and that's what's so fun about it.

**Jason (29:22)**

One of the big drivers of why we're doing this is it's our clients, right? These are the challenges and things that are facing us in terms of people want to look after their money in different ways or access in different ways or our client base might be maybe very different in future in the retail bank. But also, the challenges that corporates are going to face over the next 20 or 30 years are going to be very different and so are they going to be for countries as well, right. So, what happens with the globalization? What happens with supply chains? What impact does net zero have?

We've written reports in the past looking at inequality as well, and some people look at it and go, well why on earth is a global investment bank to writing about inequality? Well firstly, because it matters, but this stuff matters not just to the people that are suffering from inequality, but it also matters from a corporate perspective, from political stability, from economic growth, right. It impacts all of these things, right. So, it absolutely is, and it should be our bread and butter in terms of understanding this and trying to root it out because it's a benefit to us, but it's a benefit to all of our customers as well. So, I think some of these things people will look at it and go well why are you straying into that? But when you really break it down and think about it, it should be our bread and butter.

**Jamie (30:33)**

Progressive capitalism is there to find new markets and create wildly more prosperity. That means bringing people out of poverty and what's nice is that Citi remains true to that, and we've got new tools to do that. We've got new middle classes to create, but there are paths that you can now zero in on and support the transitions down those particular paths to that. A bank the size of Citi has got an extraordinary set of knowledge that it can actually bring multidimensional approaches to multidimensional problems and not be simplistic about it. So, they can be sophisticated rather than simplistic and they can be targeted and accurate about that.

**Jorian (31:17)**

At the start of this conversation, I thought it was such a daunting subject of eliminating poverty but thank you so much for reassuring me that there are ways of measuring it, there are ways of defining it, and that individuals can genuinely make a difference. So, thank you so much, Jamie. Thank you, Jason, for joining us today.

**Jamie (31:36)**

Thank you very much.

**Jason (31:37)**

A pleasure. Thank you for having us.



**Legal (31:38)**

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