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## Brain Health for Society: Insights from Brain Capital

January 25, 2024

European Brain Council, Rice University Baker Institute for Public Policy, and Brain Capital Alliance

### Agenda

15.25 – 16.05 Panel 4: Brain Capital and Impact Investing

CHAIR and MODERATOR: Rym Ayadi, Adjunct Professor of Banking, Finance and Economics, Bayes Business School at City University London; Founder and President of the Euro-Mediterranean Economists Association (EMEA)

SPEAKERS:

- Shiva Dustdar, Head, European Investment Bank Institute
- Ekkehard Ernst, President, Geneva Macro Labs, Chief Economists at ILO
- Nathalie Hilmi, Head of Environmental Economics, Center for Science, Monaco
- Christian Schuetz, Director ESG at Golding Capital Partners
- Dan Mannix, Member of the Brain Capital Alliance

### Session Report

The collective health and development of brains is essential for the economic and social prosperity of our communities. Creativity, analytical thinking, and adaptability are becoming vital skills in the newfound 'knowledge economy.' On the other hand, neurological and mental health disorders are eroding many people's capacity to function in society and the workplace. The brain health and brain skills of the population can be understood through the concept of Brain Capital. Factors such as education, environmental degradation, access to health services, and more deteriorate and boost a community's Brain Capital. Neuroscientists, economists, and other practitioners alike are working to show how investing in Brain Capital has positive externalities in almost all spheres of life. To garner investments of this nature, these stakeholders must come up with a strategy to attract global asset holders. One group of potential targets who are specifically interested in generating positive change is impact investors.



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On January 25<sup>th</sup>, 2024, a group of experts across the field gathered in Basel, Switzerland to discuss how Brain Capital can provide insights and solutions for our societies. A panel chaired by Professor Rym Ayadi, President and Founder of the Euro-Mediterranean Economists Association, discussed how impact investment can provide vital funding for Brain Capital building. Professor Ayadi has dedicated her career to the question of how to channel finance towards confronting major societal challenges. The solutions, she says, must be just as complex as the issues we are facing. Impact investment provides a unique opportunity because it is a finance stream that seeks to create a positive impact rather than solely maximizing profit. Metrics such as ESG (Environmental, Social, Governance) indicators have been introduced as a non-financial measurement of the impact of investments. Actors in the Brain Capital space can seek to attract these investments by showing the positive social and economic value of supporting the brain health and skills of the population at scale.

The first speaker on the panel was Dr. Ekkehard Ernst, President of Geneva Macro Labs and Chief Economists at the International Labor Organization (ILO). Dr. Ernst related the concept of Brain Capital to his work by sharing the concerning trend of persistent threats to the cognitive development of young people and people in the labor force. For the youth population, COVID-19 represented a major setback in cognitive development. Signs of delays in development are apparent in international metrics of education such as [the PISA 2022 report](#) by the OECD. For working adults, the ILO published in [a recent report](#) that there continues to be a deficit of decent work, where many people are left trapped in working poverty and poor working conditions. One sliver of hope in this regard, according to Dr. Ernst, is that Brain Capital can give a common language to approach these challenges. It can motivate a whole government approach where the opportunity cost of the harms to cognitive development can be measured and addressed. This can help restructure how governments and institutions organize systems vital to Brain Capital, such as the labor market.

Following Dr. Ernst, Dr. Nathalie Hilmi, the Head of Environmental Economics at the Center for Science, Monaco, discussed another pertinent threat to global Brain Capital. According to the [most recent IPCC report](#), global warming is becoming worse than ever before. From extreme heat and weather events to ocean acidification, the effects of climate change are being deeply felt by many. One reason this is harmful is because the ecosystem services that are crucial for human and planetary health are being severely disrupted. Brain Capital policy and investment must therefore incorporate the vitality of our natural systems.



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Professor Ayadi noted that one institution that is dedicated to making such investments is the European Investment Bank (EIB). She then introduced the following speaker, Shiva Dustdar, the Head and Director of the EIB Institute. The European Investment Bank is the bank of the EU, owned collectively by the member states. Ms. Dustdar explained that EIB is an impact investor by nature because the projects they invest in are highly scrutinized for their impact. EIB utilizes grants from the EU to implement a blended finance approach to invest in projects that involve more risk than an average bank would be willing to absorb. One example of such an investment was the [100 million euros](#) the EIB invested in BioNTech to advance the development of the COVID-19 vaccine. According to Ms. Dustdar, Brain Capital has fascinating potential for investment, but much work must be done on shaping the narrative to language the financial community will respond to. Doing so will encourage institutions alongside the EIB to mobilize and invest private capital towards creating more brain-healthy economic systems.

Following Ms. Dustdar was another speaker deeply entrenched in the impact investment sphere. Christian Schuetz, the Director of ESG at Golding Capital Partners, highlighted Golding's track record of investing in companies that make significant contributions to mitigating climate change and biodiversity loss through their products and services. Schuetz stated that investing in Brain Capital must go beyond the climate domain. It requires investment in health, access to services, better food systems, and more. To make Brain Capital a viable investment, Mr. Schuetz posited that we need to be able to measure its impact. One idea would be to build upon the United Nations Sustainable Development Goals (SDGs). Mr. Schuetz noted that the SDGs have a cascading effect, where achieving one can help unlock another. Since Brain Capital is difficult to invest in directly, investments can be targeted at things that have a positive spillover for the accumulation of Brain Capital.

The final speaker was Dan Mannix, a member of the Brain Capital Alliance, who has extensive experience in financial services and asset management. Mr. Mannix shared with the group three lessons that he learned working in these areas. First, the financial sector is, naturally, highly motivated by money. Second, the players in the financial system are not great at coming up with stories, hence they want a narrative to be fed to them. Third, engaging with capital requires one to really remember these first two lessons. As Mr. Schuetz touched on, Brain Capital itself is not an investable concept. It is therefore the task of the science, policy, and health communities to craft a narrative that encourages the asset-owning community to understand Brain Capital as a fundable initiative.



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Professor Ayadi concluded the session on an optimistic note that discussions such as these were not happening 20 years ago. We are moving in the right direction of shifting investment towards new spheres for positive impacts. The overarching recommendation of the speakers was to work on building a narrative of Brain Capital that is approachable for financial players. The Euro-Mediterranean Economists Association and partners from the event, such as the European Brain Council and the Rice University Baker Institute for Public Policy, should work together to unite stakeholders across many disciplines to create a succinct storytelling approach to leverage much-needed investment for the protection and development of Brain Capital.