The Legatum Prosperity Ladder™
Business is Development

SURPLUS CAPITAL FUELS GROWTH & DEVELOPMENT

Fighting for survival.
Reliance on humanitarian assistance.

Subsistence living. Unable to access capital to break poverty cycle.

Leaders of character, ethical vitality in all sectors of society, inclusive and peaceful societies with open economies and empowered people.

The Legatum Prosperity Ladder™
SOURCE OF CAPITAL

Public Capital Markets / Financial Institutions

Private Capital Markets / Financial Institutions

Private Capital

Microfinance Institutions

Poverty Line

Grant Aid (public donors and private philanthropy)

Access to capital

Low cost of capital

High cost of capital

Limited access to capital

THE PROSPERITY LADDER

PUBLICLY LISTED
GLOBAL & NATIONAL
COMPANIES

GROWING & ESTABLISHED
PRIVATELY HELD COMPANIES

EARLY STAGE
VENTURES & STARTUPS

MICRO ENTERPRISES

POVERTY

ABJET POVERTY

DRIVERS
OF PROSPERITY

Innovators:
Business leaders with courage,
vision, and drive to create
wealth and employment.

Institutions:
Financial markets,
institutions and regulators,
NGOs, and provident funds.

Populations:
The masses and privileged.

TERMS

ACCESS TO CAPITAL

INCREASED CHOICE = GREATER INDIVIDUAL FREEDOM

SURPLUS CAPITAL FUELS GROWTH & DEVELOPMENT

Beyond the poverty trap:

POVERTY LINE

POVERTY TRAP

A BJECT POVERTY

Legatum Capital

Invests in global equity markets

Legatum Ventures

Invests private equity capital in businesses that deliver both financial and social returns

Legatum Center at MIT

Supports a new generation of entrepreneurs to create businesses and promote a transformational mindset

Legatum Foundation

Invests in programmes to break the poverty cycle

Areas of focus:
• Individual liberty
• Healthcare
• Education
• Access to capital

Legatum Institute

Creating a movement of people committed to the transformation of society and building pathways from poverty to prosperity

Please see the next page for further details
The Prosperity Ladder is a simple framework illustrating how we allocate financial, intellectual and human capital in order to promote our broader Mission of helping others prosper.

No society functions without access to capital, which is essential for development and prosperity.

At the bottom of the ladder are hundreds of millions of people around the world who live below the poverty line and are caught in subsistence living, who are unable to generate surplus capital, improve their skills through education or access credit.

Well-directed aid (public and private) can provide the capital required to break this cycle and provide the means for progress. The Legatum Foundation invests capital at the bottom of the ladder to provide an opportunity for people to better their own circumstances.

We believe that aid plays an important but limited role in development. Communities grow through economic opportunity which comes about through an alchemy of good governance, cultural transformation, education and an enabling business environment.

We therefore allocate capital from our Foundation carefully to avoid crowding out private capital in order to assist beneficiaries to help themselves.

As markets and societies become increasingly developed, surplus capital is created, reducing financing costs and improving access to credit and equity. This enables households to invest in housing and education, and entrepreneurs to start and grow businesses. This in turn fuels the growth of larger enterprises, helping to create jobs, providing consumers with better access to services, increasing competition, improving the legal and regulatory environment and delivering many other social benefits.

In addition, in vibrant free markets, surplus capital generated at the top of the ladder is recycled as seed capital to support new entrepreneurial ventures and as philanthropic grant aid to help those beneath the poverty line.

This virtuous circle is the reason we use the phrase business is development, as business is the most effective vehicle for creating social transformation and prosperity.