**Course description**: The course focuses on the means and methods of finance applied to social, economic, and environmental challenges of development. Financial innovations gives rise to new intermediaries (e.g., community venture capital, revolving small business loan funds, social investment banks), new types of instruments (structured finance, microfinance, carbon trading), and new services or techniques (ETFs, mission related investing, public-private partnerships) to create jobs, build communities, and enable capital formation and economic growth.

This course will review the application of financial innovations to these new products and services, new processes and operations and organizational forms in addressing problems as diverse as entrepreneurial finance, alternative energy infrastructure, environmental finance, accelerating medical solutions, regional development, urban revitalization and archaeological conservation and discovery. We will discover why capital structure matters in aligning diverse interests into new business models for social and economic change. Students will research practical applications to financing challenges for Israeli economic development.

**Evaluation:**

1) **Final paper (60%)**
   Requirements:
   - Students are requested to choose a topic and submit a one-page outline in class on **November 15, 2010**.
   - Upon approval of the topic and the outline, students are required to compose 15-20 pages (double-spaced) and submit the final paper no later than **January 18, 2010**.
   - Late papers will not be accepted.

2) **Completion of case study write-ups and readings presentations**: You will be asked to review and present case studies and/or readings related to the course (marked with * symbol). (20%)

3) **Class room participation and attendance (20%)**
Course Overview

October 11, 2010: Financial Innovations and Economic Growth
October 18, 2010: Financial Reform and Policy Innovations
October 25, 2010: The Israeli Financial System and the Global Economy
November 1, 2010: Urban and Regional Economic Development
November 8, 2010: Housing Finance
November 15, 2010: Entrepreneurial Finance, Securitization and Small & Medium-Sized Enterprises
November 22, 2010: Community Finance
November 29, 2010: Global Economic Development
December 6, 2010: Environmental Finance
December 13, 2010: Globes Israel Business Conference
December 20, 2010: Infrastructure Finance
December 27, 2010: Financing Medicine and Science
January 3, 2011: Financing Catastrophic Risk
January 10, 2011: Financing Cultural Heritage for Economic Development
Lectures and Course Readings

1. The power points mentioned under each lecture can be viewed via High-Learn and the Fellows Program Website (www.kmifellows.org). You can prepare for each class, or review them after each class at all times.

2. This course uses a required textbook:

   A copy of the required textbook will be available at the library’s reserved books section. Purchase is available via Amazon and might be available via Akademon.

3. The course readings can be accessed via a weblink from this syllabus, or they will be provided as a PDF file in the course package.

Session I:
Financial Innovations and Economic Growth
October 11, 2010

Lecture Presentations:

Timeline – Financial Innovations for Business

Presentation 1: Milken Institute Financial Research Team: Research to Results

Presentation 2: The Milken Institute Israel Center

Presentation 3: The Importance of Finance for Economic Growth and Stability

Presentation 4: Financing the Future

Presentation 5: Capital Structure and Financial Models

Presentation 6: Leveraging Financial Innovations for Social & Economic Impact
Course Readings:

Required Readings:

- Chapter 1: The Evolution of Finance
- Chapter 2: A Framework for Financial Innovation: Managing Capital Structure


Optional Readings:


Session II:
**Financial Reform and Policy Innovations**
October 18, 2010

Lecture Presentations:

Presentation 1: Some Basic Facts About Globalization

Presentation 2: Global Financial Crisis
Course Readings:

Required Readings:


Optional Readings:


Session III:
The Israeli Financial System and the Global Economy
October 25, 2010

Lecture Presentations:

Presentation 1: Where Does Israel Stand?
Presentation 2: The Israeli Economy: Lessons in Stability and Growth
Presentation 3: The Implementation of the Israeli Capital Market Reform
Presentation 4: Israel and the Global Capital Markets
Presentation 5: Sustainable Israel: Structural Challenges

Course Readings:

Required Readings:


* Agmon, Tamir and Ami Tzadik. “Business Groups in Israel: Description, Analysis and Implications (Updated)”, The Knesset Research and Information Center, June 20, 2010. (HEBREW)
Optional Readings:


Session IV:
Urban and Regional Economic Development
November 1, 2010

Lecture Presentations:

Presentation 1: Municipal Finance

Presentation 2: Urban Revitalization in Israel

Presentation 3: Genesis Jaffa Fund

Presentation 4: Northern Israel

Presentation 5: Urban Real Estate: Canyon-Johnson

Presentation 6: Urban Revitalization: CIM Case Study

Presentation 7: Innovations in Municipal Finance (in Hebrew)

Presentation 8: PPPs for Jerusalem

Course Readings:

Required Readings:


**Optional Readings:**


Session V:

**Housing Finance**
November 8, 2010

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**Lecture Presentations:**

**Timeline – Financial Innovations for Housing**

**Presentation 1:** The Rise and Fall of the U.S. Mortgage and Credit Markets

**Presentation 2:** Affordable Housing

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**Course Readings:**

**Required Readings:**


- **Chapter 4: Innovations in Housing Finance**


**Optional Readings:**


Session VI: 
**Entrepreneurial Finance, Securitization and Small & Medium-Sized Enterprises**
November 15, 2010

*Lecture Presentations:*

**Presentation 1:** Business Finance: Lending and Job Creation in the 21st Century

**Presentation 2:** Small Business: New Challenges, New Strategies

**Presentation 3:** Financial Services for the Underbanked: Why Banks Aren’t the Solution

**Presentation 4:** Small- and Medium-Sized Enterprises (SMEs) and Banking Competition

**Presentation 5:** Scaling Up Risk Capital to Small and Medium-Sized Enterprises in Emerging Markets

*Course Readings:*

**Required Readings:**

- Chapter 3: Innovations in Business Finance

Ben-Ishai, Guy, and Glenn Yago. "Financing Small and Medium-Sized Enterprises (SMEs) and Banking Competition.” Milken Institute, 2010.

* Yago, Glenn, and Betsy Zeidman. "Building Israel’s Small Business and Microenterprise Sector Israel Entrepreneurial Finance Initiative." Milken Institute, 2005.


Optional Readings:


Session VII:
Community Finance
November 22, 2010

Lecture Presentations:

Presentation 1: Social Finance and Poverty

Presentation 2: Community Finance

Course Readings:

Required Readings:


* Sperer, Leah, Hagar Cohen, and Liat Levy. "Fair Credit Policy for Israel: Accountability and


**Optional Readings:**


Community Investing Center, "Community Investing Industry Structure." [http://www.communityinvest.org/overview/industry.cfm](http://www.communityinvest.org/overview/industry.cfm)


Session VIII:
Global Economic Development
November 29, 2010

Lecture Presentations:

Timeline – Financial Innovations for Development

Presentation 1: Moving from Aid to Investment

Presentation 2: World Hunger

Presentation 3: SMEs and Global Prosperity

Presentation 4: Global Health and Economic Development

Course Readings:

Required Readings:
  - Chapter 6: Financing the Developing World


Optional Readings:


Session IX: Environmental Finance
December 13, 2010

Lecture Presentations:

Timeline – Financial Innovations for the Environment

Presentation 1: Water for Life

Presentation 2: Where the World Trades Carbon

Presentation 3: Water Financing: The Yarqon Project

Presentation 4: Financial Resources for Yarqon Park

Presentation 5: Financial Plan for Development of the Yarqon River Park

Presentation 6: The Invisible Green Hand: How Private Decisions and Markets Shape Climate Change Outcomes (Martha Amram and Nalin Kulatilaka)

Presentation 7: Environmental Finance: Saving the World’s Oceans and Fisheries

Presentation 8: Ensuring the World’s Water Supply

Presentation 9: Investing in Green Energy
Presentation 10: Green Buildings

Presentation 11: Residential Energy Efficiency

Course Readings:

Required Readings:


- Chapter 6: Environmental Finance: Innovating the Save the Planet


**Optional Readings:**


Session X: 
Infrastructure Finance 
December 27, 2010

Lecture Presentations:

Presentation 1: How Are we Going to Pay for the World’s Infrastructure?

Presentation 2: Global Development Bonds

Presentation 3: Infrastructure Projects as Economic Stimulus

Presentation 4: Build America Bonds Program

Presentation 5: Investing in Global Infrastructure

Course Readings:

Required Readings:


Optional Readings:

Session XI:

**Financing Medicine and Science**
January 3, 2010

*Lecture Presentations:*

**Timeline – Financial Innovations for Medicine**

**Presentation 1:** Financing Medical Innovations

**Presentation 2:** Capital Markets and R&D in Bridging Israel’s Growth Gap

**Presentation 3:** Accelerating Medical Solutions in Israel: Building a Global Life Science Industry

**Presentation 4:** Accelerating Medical Solutions in Israel: Building a Global Life Sciences Industry (Report Deployment: Next Steps)

**Presentation 5:** VC Industry in Israel

**Presentation 6:** Preserving Israel’s Technological Edge

**Presentation 7:** Sustainable Israel: Pioneering Solutions

*Course Readings:*

**Required Readings:**


- **Chapter 7: Financing Cures**


Institute, 2008.  


**Optional Readings:**


Session XII:  
**Financing Catastrophic Risk**  
January 3, 2010

**Lecture Presentations:**

**Presentation 1:** Financial Innovations for Catastrophic Risk

**Course Readings:**

**Required Readings:**


Optional Readings:

Swiss Re. "Securitization - New Opportunities for Insurers and Investors." In Sigma: Swiss Re, 2006.

Session XIII:
Financing Cultural Heritage for Economic Development
January 10, 2010

Lecture Presentations:

Timeline – Financial Innovations for Arts and Entertainment

Presentation 1: Indiana Jones Meets Wall Street: Valuing the Past to Save Antiquity for the Future

Course Readings:

Required Readings:


Optional Readings:

