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## האוניברסיטה העברית בירושלים

סילבוס

### חידושים פיננסים לפיתוח כלכלי - 55721

תאריך עדכון אחרון 18-09-2022

נקודות זכות באוניברסיטה העברית: 3

תואר: מוסמך

היחידה האקדמית שאחראית על הקורס: מנהל עסקים

השנה הראשונה בתואר בה ניתן ללמוד את הקורס: 0

סמסטר: סמסטר א'

שפת ההוראה: אנגלית

קמפוס: הר הצופים

מורה אחראי על הקורס (רכז): פרופ' גלן יאגו

דוא"ל של המורה האחראי על הקורס: [glenn@jerusaleminstitute.org.il](mailto:glenn@jerusaleminstitute.org.il)

שעות קבלה של רכז הקורס:

מורי הקורס:

תאור כללי של הקורס:

*This course will focus on the means and methods of finance applied to social, economic, and environmental challenges facing developing economies. Financial innovations give rise to new intermediaries (e.g., community venture capital, permanent capital facilities, revolving loan funds, social investment banks, business development companies, venture investment trusts, etc.), new types of instruments (e.g., blended finance structured finance, microfinance, social, environmental and development impact bonds, green bonds, diaspora bonds, catastrophic risk bonds, royalty trusts, community investment notes, and risk pooling finance mechanisms and facilities), and new services, platforms or techniques (e.g., ETFs, impact investing, public-private partnerships, financial intermediary facilities, international finance facility for immunization, product development partnerships, value-chain financing) to create jobs, build communities, and enable capital formation and economic growth.*

מטרות הקורס:

*These sessions will survey the application of innovative financing emerging through new products and services, new processes and operations and organizational forms in addressing problems as diverse as entrepreneurial finance, renewable energy, environmental finance, global health, accelerating medical solutions, regional development, affordable housing, urban revitalization and infrastructure. Through case studies and reviews of financial policies, programs and product innovation, students will discover why capital structure matters in aligning diverse interests into new business models for sustainable social and economic change. Students will work through problem sets for innovative financing structures for development projects and enterprises. Students will acquire and apply data gathering, economic, and financial analytical skills to identify specific market failures in developing economies enabling them to apply appropriate financial tools to bridge capital gaps for project and enterprise finance. This would include the ability to identify innovation-led growth targets (e.g., increased crop yields, reduction of disease incidence, lower credit access costs), choose a coherent, time and risk-balanced portfolio of development initiatives required to meet a measurable and tangible development target (e.g., prevention, diagnostics, treatment for global health; job creation and sustainable income and wealth formation); differentiate business, market and technological opportunities for a development target (e.g., on-grid, off-grid, and/or undergrid renewable energy); evolve, accelerate, extend and scale sustainable development business models; and identify criteria for replication (capitalizing external networks, motivate and reward repeating, positive-sum economic development strategies). We will discover why capital structure matters in aligning diverse interests into new business models for social and economic change to address Sustainable Development Goals for 2030. Students will research practical applications to financing challenges for*

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economic development.

תוצרי למידה

בסיומו של קורס זה, סטודנטים יהיו מסוגלים:

Together with attendance at the lectures and participation in structured discussions they will provide students with a tool kit to develop a concise proposal focused on financing a targeted development impact (the course's final project). This end of semester project will be a proposal for the application of an innovative finance product(s) to a project or program that would target a specific sector (agriculture/food, health, energy, or environmental), geography (developing/frontier economy); and/or technology transfer or development application related to the UN's sustainable development goals. This will require a description of the proposed project (or program or policy) implementation plan (PIP) program including:

- milestones,
- project targets,
- outputs/inputs (including financial, technology and intellectual property inputs), i
  - outcomes (identification and quantification of social, economic and/or environmental outcomes),
  - proposed capital structure, sources and uses of funds and,
- a targeted range of return on investment and social/environmental impact (including identification of potential avoided costs).

דרישות נוכחות (%) :

100

שיטת ההוראה בקורס: Lectures by professor and student presentations and discussions.

רשימת נושאים / תכנית הלימודים בקורס:

1) Final paper-Project Concept Note

Two key readings to prepare for your project:

“High Level Mapping to SDGs: Green, Social and Sustainable Bonds,” and Working towards a Harmonized Framework for Impact Reporting, International Capital Market Association, June 2020.

Concept Note for Sustainable Infrastructure, Duke University, Nicholas Institute, July 2020

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## Requirements:

- Students are requested to choose a topic and submit a one-page outline prior class on (October 13)
- Powerpoint presentations and discussion of each Project Concept Note (done as individual or group no great than 3) will be in a special class review session to be scheduled
- Subject to 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 (December 16)
- Late papers will not be accepted.
- The project concept note will be based on diagnostic questions the students wish to pursue focused upon a related to one more specific Sustainable Development Goals related to specific impact measurements. The objective is to develop a feasible and investable development project using the financial toolkit presented in the course work and in research and case studies discussed in the class and potentially eligible to be included in a social, health, or environmental impact bond or a pooled security for sustainability, social and green bonds under the criteria of the International Capital Markets Association (discussed in reading below and included in high-level mapping of such securities for meet SDGs).

These project concept could be considered for possible further work in a class offered in the Spring do prepare the project concept note into a project implementation plan for Fieldwork fellowships applications by eligible students at the Milken Innovation Center in conjunction with the Blum Lab for Developing Economies at the Jerusalem Institute or existing development finance field sites by other partners in the field in Africa, India, or Latin America as part of our ongoing collaboration between: UC-Berkeley and the Jerusalem Institute-Milken Innovation Center/Hebrew University of Jerusalem School of Business Development Finance Practice Program. Students who complete successful field assignments as Fellows will receive a graduate Development Finance Practice certificate from the Hebrew University of Jerusalem School of Business.

- The project concept note will be based on diagnostic questions the students wish to pursue focused upon a related to one more specific Sustainable Development Goals related to specific impact measurements.
  - Their project will need to address the following questions:
    1. What are the financial bottlenecks for the SDG challenges?
    2. Why isn't funding availability? Does the market work?
    3. If not, why not?
    4. Who could fund and what do they care about?
    5. What financial tools can help catalyze that funding through a development

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*capital structure stack or design?*

*Additional questions that will need to be addressed in each project implementation proposal would also include:*

- *Project: What is the project proposing to do?*
- *Opportunity: What need is it meeting? Who is interested in the success of this project? Who are the stakeholders?*
  - *Team: Who is doing it? What is their experience, expertise, roles?*
- *Market: Who is the customer? What are the marketing channels to reach the customer?*
  - *Costs: How much does it cost to build? To operate?*
- *Capital Structure: How will it be financed? By whom and under what terms and conditions? What are the returns to each investor?*
  - *Plan: What is the work plan and milestones?*
  - *Risks: What are the risks and how will the risks be mitigated?*
- *Outcomes: What are the outcomes and how will they be measured?*

*Students will need to address these issues in their proposal:*

- *Different innovative financing tools and resulting instruments for potential impact investments;*
  - *Methods of risk mitigation;*
  - *Different models for structuring impact investment funds, blended finance models and capital structures, and pooled-securities to develop the financing pipeline;*
- *Examine use of catalytic first loss models, grants, loans, equity, etc. that can be mobilize for impact enterprise and project finance addressing development goals.*
  - *Creative ways to target small and middle-size enterprises and projects through pooled securities, revolving loan facilities, fintech, and alternative risk assessment and management models.*

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*2) Completion of case study write-ups and readings presentations for class discussion: You will be asked to review and present case studies and/or readings related to the course from those listed below. Students will be asked to choose their presentation groups by the end of Class Monday , October 31. This summary presentation and related class attendance and engagement in lectures and questions will comprise the second area of course evaluation. (20%) Please note presentation sign-up page on the course website on B-Course.*

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## *COURSE UNIT OVERVIEW\**

*\*Instructor Lecture and Overview (either synchronous or asynchronous) will precede each Guest Lecture or case study presentations as noted below. .*

### *I. Introduction to Finance Toolkit and Innovative Finance (October 24)*

#### *Structural Changes in Capital Markets and Development Finance*

- a. Global Trends*
- b. What is Financial Innovation? From Structured to Blended Finance*
- c. Why and How does Capital Structure Matter? (October 24)*

### *II. Entrepreneurial Finance (October 24)*

- a. Lifecycle of Finance*
- b. Business Finance and Capital Structure*
- c. Equity, Debt finance, and Hybrid Debt Instruments*
- d. SME Finance*

### *III. Project Mechanics Lecture and Workshop on SDGs--Building Solutions Sets into Project Pipeline (October 31)*

*\*Practitioner Guest: Lecturer:*

*Steven Zecher, Project Director, Milken Innovation Center-Jerusalem Institute*

*This week will be devoted to background and development of the Project*

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*Development Concept Note for the final work product of the course---linking development finance projects to programs to policies to capital market transactions.*

*Key background readings for this session are:*

*\*\*New Perspectives on Results-Based Blended Finance for Cities: Innovative Finance Solutions for Climate-Smart Infrastructure, International Bank for Reconstruction and Development/World Bank 2019.*

*\*\*Case Study Arezki, Rabbah, et.al., "From Global Savings Glut to Financing Infrastructure," Economic Policy, April 2017: 221-261.*

*\*\*Godnar, Gordon and B. Comer, Project Finance Teaching Note," Wharton School, University of Pennsylvania, 1996.*

*UPDATE: Dovrak, Paul, "Put a fence around It: Project finance explained"*

*\*\*Huxley, Joe, "Value Capture Finance, Making Urban Development Pay Its Way," Urban Land Institute, 2009.*

*\*\*\*The ABCs of Asset-Backed Securitization," Guggenheim, 2022*

*\*\*Asset Backed Securitization," Stern School of Business, NYU, 2016.*

#### *IV. IV. Impact Investment and Social Finance: Social Impact Bonds and Beyond (November 7)*

*\*Practitioner Guest Lecture: TBD*

*a. Pay for performance contracting*

*b. Full-spectrum Asset Class Product and Program Development Finance*

*c. Risk-Return-Impact: Metrics*

#### *V. Financing Ideas: Disruptive Science and Tech Finance, Focus on Global Health (November 14)*

*\*Guest Lecture: Prof. Andrew Lo, MIT Financial Engineering Lab  
"Research-Based Obligations and Lessons from Hollywood"*

*a. From Venture Capital Models to Research Bond Obligations*

*b. Disruptive Technologies and the Sustainable Development Goals*

#### *VI. Infrastructure (Resilient, Social-Environmental, and Tourism Applications) (November 21)*

*Practitioner Guest Lecture:*

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TBD

Reading:

Dan Carol, "The Case for an Infrastructure Pre-Development Fund," Milken Institute (April 2020)

a. Infrastructure Projects

b. Urban Revitalization

VII. Environmental Finance (November 28, December 5)

Practitioner Guest Lecture:

Frederic Samama, Climate Change and Financial Innovation, CIO, Amundi-CPR Asset Management

XI. Development Finance—Blended Finance (Case Study Applications) (December 12)

Practitioner Guest Lecture:

Dr. Christine Negra, VisantVision, "Blended Finance in Sustainable Agriculture"

XII. Development Finance-Energy (Case Study Applications) (December 26)

Practitioner Guest Lecture:

TBD

Special Readings:

"FERC Order 2222 Levels the Playing Field for Distributed Energy Resources," Claire Gotham, Power and Utilities, February 18, 2021

Cara Carmichael, et.al., The Carbon Emissions Impact of Demand Flexibility, New York/Boulder: RMI, February 2021.

Whitney Mann, et.al., Zeroing In: The US Financial Sector Perspective on Net-Zero Lending and Investing, RMI, 2021.

XIII. Development Finance—Food-Water Nexus (Case Study Applications) (December 26, January 2)

Practitioner Guest Lecturers:

Naty Barak, Chief Sustainability Officer, Netafim/Obia, Community Irrigation Model: Case of Karanataka

Special Readings:



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*“How to Mobilize Private Investment at Scale in Blended Finance”, Convergence and DFID Impact Programme, April 8, 2020*

*XIV. Development Finance –Global Health (January 9, 16)*

*TBD*

*XV. Project Implementation Plan Presentations by Student Teams (January 23)*

### *Course Assignments and Readings*

*Reference Resource throughout course: Miken Institute 5-Minute Finance*  
*The course presumes some basic knowledge of economics and finance. Please use our 5-Minute Finance app above for review as well as the Glossary and Appendix link supplied as part of the course.*

*Remedial review and terms (present value, compound interest, understanding capital structure, investment and consumption, Black-Scholes Formula, forward and future contracts, etc.) are easily accessible at Kahn Academic Finance and Capital Markets.*

### *DETAILED READINGS Per Section of Course:*

*\*\*Required Readings for Lectures*

*\*For Student Presentations*

#### *I. Introduction to Financial Toolkit and Innovative Finance for Development (October 24)*

- 1. Homi Kharas and Charlotte Rivard, “Financing for sustainable development is clogged,” Brookings Blog, May 11, 2022.*
- 2. \*\*Allen, Franklin and Yago, Glenn. "Financing the Future: Market-Based Innovations for Growth". Upper Saddle River, New Jersey: Pearson/Wharton School Publishing, 2010:*
  - a. Chapter 1: The Evolution of Finance;*
  - b. Chapter 2: A Framework for Financial Innovation: Managing Capital Structure.*
- 3. \*\*Anja-Nadine Koenig, Chirs Club and Andrew Apampa, Innovative Development Finance Toolbox, KFW, October 2020.*
- 4. “Integrating nature and knowledge into economics,” Popular Science Background, Nobel Prize in Economic Sciences, 2018. (Key Reading Background on Endogenous Growth Theory-Romer, et.al.)*
- 5. \*\*Ross Levine, “Finance, Growth and Inequality”, IMF Working Paper, WP/21/164 (June 2021).*

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6. Levine Aghion, Peter Howitt, and Ross Levine, "Financial Development and Innovation-Led Growth," in T. Beck and R. Levine, *Handbook of Finance and Development*, London: Elgar, 2018

7. Mollaahmetoglu, E. and G. Y. Akcali, "The Missing-Link between Financial Development and Economic Growth: Financial Innovation, *Procedia Computer Science* 158 (2019) 696–704

This important reading contextualizes financial innovation as part of this process.

8. *Economic Growth, Technological Change, and Climate Change*, Scientific Background Paper, Economic Sciences. Nobel Prize, 2018. (Key background reading on Nordhaus, Eccles, etc. impact of climate finance and environment, green accounting, etc.).

9. Madsberg, S. and Keohane, G., Rockefeller Foundation (eds.), *The Innovative Finance Revolution*, Special Issue of *Foreign Affairs*, February 2017. *Framework for SDG Aligned Finance*, OECD, 2020

Key Videos to Watch:

VIDEO: Milken Innovation Center-Blum Lab for Developing Economies-Jerusalem, How do we do financial field work together

VIDEO: Hans Rosling, *Global Population Growth*

VIDEO: Tyler Cowan, *Marginal Revolution*, On Romer's contribution to development economics Endogenous Technological Change

VIDEO: EconJohn, *Endogenous (New) Growth Model*

VIDEO: EconJohn, *Endogenous Growth Models-Learning by Doing*

## II. A. Structural Changes in Capital Markets (October 24)

1. \*\**Corporate Finance: A Roadmap to Mainstream SDG Investments*, UN Global Compact Action Platform on Financial Innovation for the SDGs, 2019.

2. \*\**Capital Markets and Sustainable Finance*, Chapter 5, *World Investment Report*, 2021, UNCTAD.

i. \*Case Study "High Level Mapping to SDGs: Green, Social and Sustainable Bonds," International Capital Markets Association, June 2021.

ii. *The Social Bond Market: Towards a new asset class*. Impact Invest Lab, International Capital Markets Association, 2018

iii. *Handbook: Harmonic Framework for Impact Reporting, Green and Social Bond Principles*, June 2021.

3. Allison Harwood, "Accelerating Securitization in Africa to Finance the SDGs: Future Flow Securitizations," Milken Institute, February 8, 2021."

4. \*\*Bernstein, Shai, Abhishek Dev and Josh Lerner, "The Creation and Evolution of Entrepreneurial Public Markets," *Journal of Financial Economics*, 136/2 (May 2020): 307-329.

5. \*Freiberg, David, DG Park, George Serafeim, and T. Robert Zochowski. "Corporate Environmental Impact: Measurement, Data and Information." Harvard Business School Working Paper, No. 20-098, March 2020. (Revised July 2020.)

6. \*Patrick Bolton and Frederic Samama, *Capital Access Bonds: Contingent Capital with an option to Convert*, *Economic Policy*, April, 2012.

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7. \*Case Study: Viability of Gender Bonds in SSA: A Landscape Analysis and Feasibility Assessment, FSDAfrica/UN Women, September 2020.
  8. \*Case Study: Biau, Carole, "Common Capital Market Infrastructure for East Africa: Options for Way Forward," Milken Institute, Center for Financial Markets, January 2018.
  9. \*Case Study: EUR 7-year Social Bond: African Development Group, 2021
  10. \*Case Study: Masala Green Bond: IFC and YES Bank
  11. \*Case Study: John Schellhase and Harris Mohsin, Ghana's Daakye Program: An African Securitization Case Study, Milken Institute, 2021.

*Key Videos:*

*Somya Singvi, MIT, Unifying Ag Markets for Price Discovery (Levi, et.al. Case study above)*

*Investing with Impact through Public Securities Markets to Finance the SDGs, Virtual Forum, Milken Institute, July 8, 2021 (Evan Harvey, Head of Sustainability, Nasdaq, Shameela Soobramoney, Chief Sustainability Officer, Johannesburg Stock Exchange, Quyen Tran, Impact Investing, BlackRock)*

1. \*\*Allen, Franklin and Yago, Glenn. "Financing the Future: Market-Based Innovations for Growth". New Jersey: Wharton School Publishing, 2010:
  - a. Chapter 3: Innovations in Business Finance;
  - b. Appendix: The Black-Scholes Formula.
2. \*\*Allen, Franklin, Xian Gu and Julapa Jagtiani, "A Survey of Fintech Research and Policy Discussion," Working Papers Research Department, WP 20-21, Federal Reserve Bank of Philadelphia, June 2020.
3. \*New Horizons in African Finance: Reducing Risk and Mobilizing Financing on a New Scale, African CEO Forum and International Finance Corporation, 2016. See Case Studies on: Azito Energy, Eobank, Cargil SIB on Cocoa Loans, Bayport (Bond Markets), Nutrition, Education (Bridge Academies), and Helios (Private Equity).
4. <https://www.5minutefinance.org/concepts/capital-structure>

*Key Videos to watch:*

*Paddy Hirsh, Capital Structure Explained  
Managerial Finance, Capital Structure  
"Bridge and Blend: The Role of DFIs in Scaling Sustainable Financing," Milken Institute, Virtual Forum, February 21, 2021: Amit Bouri, Global Impact Investing Network; Joan Larrea, CEO, Covergence; Nancy Lee, Center for Global Development; Monish Mahurkar, IFC*

*B. Entrepreneurial Finance (October 24)*

1. \*\* IFC SME Ventures: Investing in Private Equity in Sub-Saharan African Fragile

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- and Conflict-Affected Situation, IFC and Cross-Boundary Ventures, October 2018.*
2. William Janeway, Ramana Nanda, Matthew Rhodes-Kropf, "Venture Capital Booms and Startup Financing", Working Paper 21-116, 2021.
  3. \*\* Allen, Franklin, Careletti, Elena, et.al., "Improving Access to Banking: Evidence from Kenya" *Review of Finance*, 2020:1-40 , BAFFI CAREFIN Centre Research Paper No. 2018-104, Available at SSRN: <https://ssrn.com/abstract=3305047> or <http://dx.doi.org/10.2139/ssrn.3305047>
  4. \*\*Ayyagari, Meghana, et.al., *SME Finance*, Policy Research Working Paper 8241, World Bank Group, Development Research Group, November 2017.
  5. Yago, Glenn, "Development Finance Case Studies: Innovative Finance for Sustainable Development Goals," Milken Innovation Center-Jerusalem Institute, 2018:  
1: Aspada, India & Bangladesh
  6. "Stimulating Investment in Emerging-Market SMEs," Financial Innovations Lab Report, Milken Institute, 2009.
  7. \*\*Case Study: Chu, Michael, and Tahilyani, Rachna, "Aspada: In Search of the Right Structure for Impact Investing," Harvard Business School Case 314-099, April 2014 (Revised July 2014).

Key Videos to watch:

Raman Nanda, "Entrepreneurs as Scientists: Understanding and addressing financing frictions in Deep Tech," Imperial College London Business School, March 24, 2021

Aspada News Story, Young Turks

Financial Innovation Labs, Milken Institute, Bridging Funding Gaps, Solving Global Challenges

### III. Project Mechanics Lecture and Workshop on SDGs--Building Solutions Sets into Project Pipeline (October 31)

Practitioner Guest Lecturer:

Steven Zecher, Project Director, Milken Innovation Center-Jerusalem Institute

This week will be devoted to background and development of the Project Development Concept Note for the final work product of the course---linking development finance projects to programs to policies to capital market transactions.

Key background readings for this session are:

\*\*New Perspectives on Results-Based Blended Finance for Cities: Innovative Finance Solutions for Climate-Smart Infrastructure, International Bank for

- 
- Reconstruction and Development/World Bank 2019.*
- \*\*Case Study Arezki, Rabbah, et.al., "From Global Savings Glut to Financing Infrastructure," Economic Policy, April 2017: 221-261.*
- \*\*Godnar, Gordon and B. Comer, Project Finance Teaching Note," Wharton School, University of Pennsylvania, 1996.*
- UPDATE: Dovrak, Paul, "Put a fence around It: Project finance explained"*
- \*\*Huxley, Joe, "Value Capture Finance, Making Urban Development Pay Its Way," Urban Land Institute, 2009.*
- \*\*Asset Backed Securitization," Stern School of Business, NYU, 2016.*

#### *IV.Impact Investment and Social Finance: Social Impact Bonds and Beyond (November 7)*

*\*Practitioner Guest Lecture:*

*Gila Norich, Director, Advisory Services, Social Finance-Israel, Impact Metrics and Development Impact*

*Intro Reading: Sir Ronald Cohen, Impact: Reshaping Capitalism to Drive Real Change, London: Edbury Press, 2020. Chapters 2 and 3: 34-85.*

- 1. \*\*Friede, Gunnar, et al., "ESG and Financial Performance: Aggregated Evidence from more than 200 Empirical Studies," Journal of Sustainable Finance and Investment, 5:4, 210 - 233, 2015.*
- 2.\*\*Creating Impact: The Promise of Impact Investing, International Finance Corporation, World Bank Group, 2019.*
- 2.\*\*Emily Gufstafson-Wright, et. al., What is the Size and Scope of the Impact Bonds Market, Global Economy and Development, Brookings Institution, July 2020. See further reports in this series of evaluations on measuring the success of impact bonds here.*
- 3. Lee, Christopher, Ragini Chawla and Aron Betru, Priming SDG Markets: Can International Donors and Implementers Create an Impact Investment Pipeline?, Milken Institute, 2020.*
- 4. \*Case Study "High Level Mapping to SDGS: Green, Social and Sustainable Bonds," and Working towards a Harmonized Framework for Impact Reporting, International Capital Market Association, June 2020.*

*Measuring Impact:*

- 1. Ronald Cohen and George Serafaim, "How to Measure a Company's Real Impact," Harvard Business Review, September 3, 2020. (see Video below)*
- 2. Practical Impact: GIF's approach to impact measurement, Global Innovation*

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Fund, June 2019.

3. \*Case Study Addy, Chris, et. al., *Calculating the Value of Impact Investing*, Harvard Business Review, January-February, 2019.

Videos to Watch:

Toby Eccles, *Investing in Social Change*

*Measuring Real Impact: An Overview of the Impact Weighted Account Initiative*  
(Sir Ronald Cohen, GSG Impact; Prof. George Serafeim, Harvard Business School; Quyen Tran, Blackrock)

#### V. Financing Ideas: Disruptive Science and Tech Finance for SDGs(November 14)

1. \*\*Allen, Franklin and Yago, Glenn. "Financing the Future: Market-Based Innovations for Growth". Upper Saddle River, New Jersey: Pearson/Wharton School Publishing, 2010:Chapter 7: Financing Cures
2. \*\**Reinventing Business through Disruptive Technologies: Sector Trends and Investment Opportunities in Emerging Markets*, IFC 2019.
3. \*\*Seidl da Fonseca R., Pinheiro-Veloso A. (2018) *The Practice and Future of Financing Science, Technology, and Innovation*. Foresight and STI Governance, vol. 12, no 2, pp. 6–22. DOI: 10.17323/2500-2597.2018.2.6.22
4. Walsh P. P., Murphy E, Horan D. "The Role of Science, Technology and Innovation in the UN 2030 Agenda", May 2020, *Technological Forecasting and Social Change*.154.
5. \*Tincq, B., Cunha Brito, M. and Sinet, L. *The Frontiers of Impact Tech: Moonshots worth taking in the 21st Century*. Paris: Good Tech Lab, 2019.
5. \*Case Study\*Hull, John C. and Lo, Andrew W. and Stein, Roger, *Funding Long Shots* (October 25, 2017). Rotman School of Management Working Paper No. 3058472. Available at SSRN: <https://ssrn.com/abstract=3058472> or <http://dx.doi.org/10.2139/ssrn.3058472>
6. \*Case Study: Lo, Andrew W., and Kien Wei Siah (2021), *Financing Correlated Drug Development Projects*, *Journal of Structured Finance*, <https://doi.org/10.3905/jsf.2020.1.114> .
7. \*Case Study: Vu, Jonathan T., et.al, "Financing Vaccines for Global Health Security," *Med RXIV*, March 2020. See also non-technical summary in "The Challenging Economics of Vaccine Development in the Age of COVID 19, and What can be done about it", *Global Forum* 2020.
8. \*Forman, Sandra M., Lo, Andrew W., Shilling, Monica and Sweeney, Grace K. "Funding Translational Medicine via Public Markets: The Business Development Company," *Journal of Investment Management*, 13/4 (2015): 9-32.
9. Case Study \* Lo, Andrew W. and Naraharisetti, Sourya, 2014, "New Financing Methods in the Biopharma Industry: A Case Study of Royalty Pharma, Inc.," *Journal of Investment Management* 12, 4-

Videos to Watch:

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*Andrew Lo, MIT Financial Engineering Lab, Can Financial Engineering Cure Cancer?*

*Anya Eldan, Start-Up Division, Israel Innovation Authority, Bio-Convergence*

*Andrew Lo, MIT Financial Engineering Lab, Lessons from Hollywood*

## *VI. Infrastructure (Resilient, Social-Environmental, and Tourism) (November 21)*

*Infrastructure and Urban Revitalization Finance–*

*Practitioner Guest Lecture:*

*Dan Carol, “The Case for an Infrastructure Pre-Development Fund,” Milken Institute  
(April 2020)*

*Public Finance Innovations*

1. *\*\*“The Public Wealth of Cities: How to Turn Around Cities Fortune by Unlocking Public Assets,” Citi GPS: Global Perspectives and Solutions, March 2018.*
  2. *\*\*New Perspectives on Results-Based Blended Finance for Cities: Innovative Finance Solutions for Climate-Smart Infrastructure, International Bank for Reconstruction and Development/World Bank 2019.*
  3. *\*\*Case Study Arezki, Rabbah, et.al., “From Global Savings Glut to Financing Infrastructure,” Economic Policy, April 2017: 221-261.*
  4. *\*\*Godnar, Gordon and B. Comer, Project Finance Teaching Note,” Wharton School, University of Pennsylvania, 1996. UPDATE: Dovrak, Paul, “Put a fence around It: Project finance explained,” Windpower engineering and Development, April 11, 2016.*
  5. *\*\*Huxley, Joe, “Value Capture Finance, Making Urban Development Pay Its Way,” Urban Land Institute, 2009.*
  6. *\*\*Asset Backed Securitization,” Stern School of Business, NYU, 2016.*
  7. *Case Study\*Satterhwaite, David “The Impact of Urban Development on Risk in Sub-Saharan Africa’s cities with a focus on small and intermediate Urban Centers,” International Journal of Disaster Risk Reduction, 26 (2017) 16-23.*
  8. *\*“New Perspectives on Climate Finance for Cities: Finance Solutions for New and Emerging Infrastructure Approaches to Urban Climate Mitigation and Adaptation,” Siemens-Citi-C40 Cities.*
  9. *Case Study: “Hartford County Metropolitan District,” Moody’s Credit Opinion, July 2018*
  10. *Case Study: “Financing Urban Resiliency: Coastal Resiliency in Lower Manhattan,” Milken Institute Financing, Financial Innovation Lab, September 2019*
- Videos to Watch:*

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*"Filling the Global Infrastructure Gap" Milken Institute Global Conference, June 2019*

*"Infrastructure, Resilience and Recovery: A Webinar Series on Innovative Policy, Funding and Financing Mechanisms for a New Era," Milken Institute/ United for Infrastructure, June 2020.*

*(Note specifically, Laura Drescher, Quantified Ventures; also their website on outcomes-based finance for infrastructure and case studies of DC Environmental Impact Bond and first publicly offered environmental impact bond as key financial innovations here).*

### *Housing*

1. *\*\*Allen, Franklin and Yago, Glenn. "Financing the Future: Market-Based Innovations for Growth". New Jersey: Wharton School Publishing, 2010:*
  - a. *Chapter 4: Innovations in Housing Finance.*
2. *\*\*Allen, Franklin, James R. Barth, and Glenn Yago, "Fixing the Housing Market: Financial Innovations for the Future), Wharton School Publishing 2012:*
  - a. *Chapter 1, "Housing Crises Go Global: The Boom, The Bust and Beyond," 1-68;*
  - b. *Chapter 4: "Housing in Emerging Markets," 103-138;*
  - c. *Chapter 5: "Future Innovations in Housing Finance," 139-170, New Jersey: Wharton School Publishing/Pearson, 2012.*
3. *\*\*"Toward Affordable Housing in Israel," Financial Innovations Lab Report, Milken Innovation Center-Jerusalem Institute, October 2013.*
4. *"Financing Green Building in Residential Development," Financial Innovations Lab Report, Milken Innovation Center-Jerusalem Institute, March 2017.*

*Regional Development and Project Finance – Infrastructure, Culture, Tourism*

### *Practitioner Guest Lecture:*

*Paul Burtenshaw, University College-London, Sustainable Preservation Initiative, "Economic Impacts of Cultural Heritage"*

### *Infrastructure*

1. *\*\*Chou, Ben, et.al., "State Revolving Funds to Build Climate-Resilient Communities," NRDC Issue Paper, June 2014.*
2. *\*\*"Innovative Finance to Address Africa's Infrastructure Needs," Financial Innovations Lab, Milken Institute, May 2016.*
3. *\*Hansen, Kenneth and Molle, Anthony, "World Bank Guarantees for Private Projects," Norton Rose Fulbright, April 12, 2016.*
4. *\*Case Study Tourism Tax in Jerusalem: Promoting Tourism Development, Milken Innovation Center Policy Brief, September 2, 2019.*

*Focus on Cultural Heritage Tourism and Sustainable Development*



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5. Burtenshaw, P., 2017. *Economics in Public Archaeology*. In Moshenska, G. (ed), *Key Concepts in Public Archaeology*. London, UCL Press. 31-42
  6. Gould, P., & Burtenshaw, P. 2019 *Community Economic Development and Archaeology*. *Encyclopedia of Global Archaeology* (2nd Edition)
  7. Lafrenz Samuels, K., 2016. Transnational turns for archaeological heritage: From conservation to development, governments to governance, *Journal of Field Archaeology*, 41:3, 355-367, DOI: 10.1080/00934690.2016.1174031
  8. \*Case Study: Levy, T. E., et. al., "At-Risk Heritage and Virtual Reality Visualization for Cyber-Archaeology; The Mar Saba Test Case," in Forte, M. and H. Murtiera, *Digital Cities: Between History and Archaeology*, Oxford University Press, 2020
- VIDEO: Hospitality in the Kidron/Wadi El-Nar River Basin-Green Pilgrimage Mountain Bike

VIDEO: Kidron Wadi El Nar: The Politics of Sewage

## VII. Environmental Finance )November 28, December 5)

- Relevant Weblink for this section: *Environmental Finance* ([www.environmental-finance.com](http://www.environmental-finance.com))
- UN Environment Program-Finance Initiative (<https://www.unepfi.org/>)

1. \*\*Allen, Franklin and Yago, Glenn. *Financing the Future: Market-Based Innovations for Growth*. New Jersey: Wharton School Publishing, 2010:
  - a. Chapter 5: *Environmental Finance: Innovating to Save The Planet*.
2. \*\*World Bank Outlook 2050: *Strategic Directions Note: Supporting countries to Meet Long-Term Goals of Decarbonization*, 2020: 48-78 (Advancing Cross-Cutting Solutions---focus for project implementation plans).
3. \*\*Bolton, Patrick, et.al., *The Green Swan: Central banking and financial stability in the age of climate change*, Bank of International Settlements, January 2020: 1-20;47-64.
4. \*\*Bolton, Patrick, Xavier Musca and Frederic Samama, "Global Public Private Investment Partnerships: A Financing Innovation with Positive Social Impact", *Journal of Applied Corporate Finance*, 32/1 (Spring 2020).
5. \*Litterman, Bob "What is the Right Price for Carbon Emissions?" *Regulation*, Summer 2013: 38-43:
  - a. Litterman, Bob, "A Pragmatic Approach to Climate Change," April 19, 2016;
  - b. Jones, Peyton, "Selling Stranded Assets: Profit, Protection and Prosperity," *International Endowments Network*, June 17, 2015.
6. Case Study: "Converting Emerging Markets to Green Finance: Amundi and the IFC, Imperial College Business School, March 2020.
7. Case Study: DC Water Environmental Impact Bond, Goldman Sachs/Calvert

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Foundation, 2016

8. Case Study: Rose, Adam and Dan Wei, "Impacts of the Property Assessed Clean Energy (PACE) program on the economy of California," *Energy Policy* 137 (2020).

9. Case Study: Green FinTech Blockchain and Energy Grid  
Required reading: Deloitte. What is a blockchain (Canvas)

<https://hbr.org/2017/03/what-initial-coin-offerings-are-and-why-vc-firms-care>  
- [https://hbr.org/2016/05/the-impact-of-the-blockchain-goes-beyond-financial services](https://hbr.org/2016/05/the-impact-of-the-blockchain-goes-beyond-financial-services)

Suggested resources:

*Blockchain is building a new kind of energy grid*, Technology Review  
*How Utilities are using blockchain to modernize the grid*, Harvard Business Review, 2017.

*Brooklyn Smart Grid – Blockchain-enabled*

10. Case Study \*Lee, Thomas, "Fossil Fuel Stranded Assets: Efficient Market or Carbon Bubble?" Wharton Public Policy Initiative, April 12, 2017.

11. Case Study \*Quesnel, Kim, Ajami, Naushua K. and Wyss, Noemi, "Tapping into Alternative Ways to Fund Innovation and Multipurpose Water Projects: A financing Framework from the Electricity Sector," Stanford Woods Center for the Environment, Stanford University, February 2016..

12. Case Study: Danish Climate Investment Fund, September 2017 (KIF and Convergence).

13. Case Study: The Great Lakes and St. Lawrence Blue Growth Fund Final Report, 2017

VIDEO: The Price on Nature (Richard Sandor)

Solid Waste and WASH (Water, Sanitation and Hygiene)

1. \*Blass, Vered, Heffer, Shiri, Yago, Glenn and Zecher, Steven, "Financing Solid Waste Disposal in Israel," *Financial Innovations Lab Report*, Milken Institute, November 2012.

2. VIDEO: Kidron Wadi-El Nar

- 3. Hyun, Christopher, et. al., *Sanitation for Low Income Regions: A Cross Disciplinary Review*, *Annual Review of Environment and Resources*, 2019. 44:287-318, 2019.

4. Hobbs, Shakira and Nicole Barclay, "Sustainability Approach: Food Waste to Energy Solutions for Small Rural Developing Communities," *International Journal of Environmental, cultural, Economic and Social Sustainability: Annual Review*, 2018.

River Revitalization and Smart Watershed Management

1. \*"Financing Kidron/Wadi El Nar River Revitalization," *Financial Innovations Lab Report*, Milken Institute, July 2013 (Case Study).

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2. "Revolving Fund for River Restoration". Financial Innovations Lab Report, Milken Institute, December 2009.
  3. Maclean, Caitlin and Yago, Glenn, "Financial Innovations for Freshwater Revitalization: Transboundary Project Finance in Israel, Jordan, and the Palestinian Authority," Financial Innovations Lab Report, Milken Institute, December 2009.
  4. Case Study: Walske, Jennifer M. and Laura D. Tyson, "Sanergy: Tackling Sanitation in Kenyan Slums," Berkeley Haas Case Studies, July 2016.

#### Biodiversity

1. \*\*Moving Mountains: Unlocking Private Capital for Biodiversity and Ecosystems," The Biodiversity Finance Initiative, Finance for Nature, UNDP, 2019.
2. \*\*Di Marco, Moreno, et.al., "Sustainable Development Must Account for Pandemic Risk," Proceedings of the National Academy of Sciences, February 25, 2020 177 (8) 3888-3892.
3. \*\*Case Study: Yago, Glenn, "Biodiversity Conservation in Israel," Financial Innovations Lab Report, Milken Institute, July 2012.
4. \* Case Study Maclean, Caitlin, Creating Mechanisms for Conservation Finance in Southeast Asia, Financial Innovations Lab Report, Milken Institute, September 2015

#### VIII. Global Development Finance – Blended Finance (December 12)

1. \*\*Yago, Glenn and Allen, Franklin "Financing the Developing World," World Financial Review, September-October 2011:44-48
2. \*\*Price, Jennifer and Najada Kumbuli, "Blended Finance: what is it, what it isn't and how to use it for maximum impact"<https://www.calvertimpactcapital.org/blog/82-2-blended-finance-what-is-it-what-it-isnt-and-how-to-use-it-for-maximum-impact>," Calvert Impact Capital, August 17, 2018
3. \*\*"How to Mobilize Private Investment at Scale in Blended Finance", Convergence and DFID Impact Programme, April 8, 2020
4. \*\*Lee, Nancy and Dan Preston, "The Stretch Fund: Bridging the Gap in the Development Finance Architecture," Center for Global Development, December 2019
5. Designing an Israeli Development Financing Platform: Towards Sustainable Development Goals, Financial Innovations Lab Report, June 2019.
6. Convergence Blending Global Finance " The State of Blended Finance 2020", Published October 2020.
7. Kamstra, Mark and Shiller, Robert J., "The Case for Trills: Giving the People and their Pension Funds a Stake in the Wealth of Nations," Cowles Foundation Discussion Paper, No.1717, August 2009.
8. Lee, Chris, Aron Betru and Paul Horrocks, "Guaranteeing the Goals: Adapting Public Sector Guarantees to Unlock Blended Financing for the U. N. Sustainable Development Goals," Milken Institute and OECD, April 2018.
9. "Innovative Financing for Development: Scalable Business Models that Produce Economic, Social and Economic Outcomes," Global Development Incubator, September 2014.

- 
10. \* Case Study Gustafsson-Wright, Emily, .et.al., "Impact Bonds in Developing Countries," *Brookings and Convergence Finance*, September 2017.
  11. \*Betru, Aaron, Huang, Ziyi, and Mueller, Jackson, "Leaving Transferred Money on the Table: Will Remittance-Linked Financial Products Add Value to Development Finance?", *Viewpoints*, Milken Institute, March 2017.
  12. \*Akkoyunlu, Sule and Stern, Maximillian "An Empirical Analysis of Diaspora Bonds," *Graduate Institute-Geneva*, Research Paper 3, 2012.

VIDEO: Africa: Economic Recovery and Transformation, Milken Institute Global Conference Oct. 20, 2020

## IX. Global Development Finance -Energy (December 26)

Practitioner Guest Lecture:

TBD

Special Readings:

- "FERC Order 2222 Levels the Playing Field for Distributed Energy Resources," Claire Gotham, *Power and Utilities*, February 18, 2021
- Cara Carmichael, et.al., *The Carbon Emissions Impact of Demand Flexibility*, New York/Boulder: RMI, February 2021.
- Whitney Mann, et.al., *Zeroing In: The US Financial Sector Perspective on Net-Zero Lending and Investing*, RMI, 2021.

1. \*Case Study \*Tonknogy, Bela et.al., "Blended Finance in Clean Energy: Experiences and Opportunities," *Climate Policy Initiative*, January 2018.
2. \*Case Study " Crossboundary Energy," *Convergence*, October 2016.
3. \*Case Study" Pavlak, Leticia P., et.al., *Ignite Power in Rwanda: Electric Power on a Different Scale. . .for All?* IESE Business School, University of Navarra, OOP-625-E, April 2021

## Case Studies for Catastrophic Risk and Climate Change

1. \*\*How Agricultural Index Insurance Can Promote Risk management and Resilience in Developing Economies, *Feed the Future Innovation Lab for Markets, Risk and Resilience*, University of California Davis, September 2019.
2. "Financial Innovations for Catastrophic Risk: Cat Bonds and Beyond," *Milken Institute*, *Financial Innovations Lab Report*, Milken Institute, April 2008.
3. \*Case Study Syroka, Joanna and Wilcox, Richard, "Rethinking International Disaster Aid Finance," *Journal of International Affairs*, Spring/Summer 2006, 59/2.
4. Beavogui, Mohamed, "Building Resilience Against Climate Change: African Risk Capacity," *Africa Policy Review*, 2018.
5. \*\*Yago, Glenn (ed.), "Development Finance Case Studies: Innovative Finance for Sustainable Development Goals," *Milken Innovation Center-Jerusalem Institute*, 2018:

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- a. Case Study 3: Ignite Power, Rwanda;
  - b. Case Study 5: Gigawatt Global, Rwanda;
  - c. Case Study 6: Sustainable Water Finance in California and Israel: Financing Tech Transfer.

#### Case Studies for Energy

- 1. Bonner, Dale, MacLean, Caitlin, "Public-Private Infrastructure Financing Solutions," Financial Innovations Lab Report, Milken Institute, November 2014.
- 2. \*\*MacLean, Caitlin, Olderman, Katie "Innovative Financing Models for Energy Infrastructure in Africa," Financial Innovations Lab Report, Milken Institute, May 2015.

#### X. Development Finance: Food Water Nexus (January 2, 9)

Practitioner Lecturer:  
Naty Barak, Chief Sustainability Officer, Netafim-OBIA, The Community Irrigation Model:  
Lessons from Karanataka

- 1. \*\*Accelerating Agritech Solutions in Israel, California, and Developing Economies, Financial Innovations Lab Report, Milken Innovation Center/Blum Lab, Jerusalem Institute, June 2020.
- 2. Herrero, Mario, et.al., "Articulating the effect of food systems innovation on the Sustainable Development Goals," Lancet Planet Health, December 8, 2020.
- 3. \*Case Study: Levi, Retsef, Manoj Rajan, Somya Singhvi, Yanchong Zheng, The impact of unifying agricultural wholesale markets on prices and farmers' profitability , Proceedings of the National Academy of Sciences Feb 2020, 117 (5) 2366-2371; DOI: 10.1073/pnas.1906854117
- 4. \*\*Pathways to Prosperity: Rural and Agricultural Finance: State of the Sector Report, Feed the Future-USAID, ISF, Rural and Agricultural Finance Learning Lab. 2020.
- 5. \*\*Examining the Climate Finance Gap for Small-Scale Agriculture, Climate Policy Initiative, 2020.
- 6. Rosa, Lorenzo, et.al., "Closing the yield gap while ensuring water sustainability," Environmental Research Letters, 13, 104001, 2018,
- 7. \*Tam, Vikki and Chris Mitchell, "How Farmer-Allied Intermediaries can Transform Africa's Food Systems," Bain and Company, 2020.
- 8. \*Havemann, T., Negra, C. & Werneck, F. Blended finance for agriculture: exploring the constraints and possibilities of combining financial instruments for sustainable transitions. Agric Hum Values 37, 1281–1292 (2020).  
<https://doi.org/10.1007/s10460-020-10131-8>
- 9. \* Domink Kaluser and Christine Negra, Getting Down to Earth (and Business): Focus on African Smallholders' incentives for Improved Soil Management, Sustainable Food Systems, 6 October 2020.
- 10. "Paying for Outcomes—Protecting Human and Animal Health in Sub-Saharan

- 
- Africa," Financial Innovations Lab Report, Milken Institute, February 2011.*
11. *Pay for Results in Development: A Primer for Practitioners, USAID/Palladium, 2018*
  12. *\*\*Yago, Glenn, "Development Finance Case Studies: Innovative Finance for Sustainable Development Goals," Milken Innovation Center-Jerusalem Institute, 2017:*
    - a. *Case Study 4:The Case of Aflatoxin and Maize Production Pay-for-Outcomes; See also: Ag Results Summary, here.*
    - b. *Case Study 2: Financing Kidron/Wadi El Nar Revitalization-Waste Water; Treatment and Regional Agriculture and Tourism Development.*
  13. *\* Case Study Du, X., Lu, L., Reardon, T. and Zilberman, D., "The Economics of Agricultural Supply Chain Design: A Portfolio Selection Approach," American Journal of Agricultural Economics, 98/5 (10 October 2016):1377-1388.*
  14. *\*\*"Financial Models for Water Sustainability," Financial Innovations Lab Report, Milken Innovation Center-Jerusalem Institute, April 2016.*
  15. *\* Case Study "Conducting A Feasibility Study for a Financing Facility for Cocoa Smallholders in Ghana," Convergence, Rabo Bank, Rainforest Alliance, May 2018*
  16. *\* Case Study "Financing Fisheries Reform: Blended capital approaches in support of sustainable wild-capture fisheries," Environmental Defense Fund and Duke Nicholas Institute for Environmental Policy Solutions, January 18, 2018*
  17. *\* Case Study "Financing Sustainable Land Use: Unlocking business opportunities in sustainable land use with blended finance," KOIS Invest and Blended Finance Taskforce, January 2018*

#### *XI. Global Development Finance—Global Health –(January 16)*

1. *Lorcan Clarke, et.al., "Development Impact Bonds Targeting Health Outcomes," Center for Global Development 133, December 2018*
2. *\* Paul Yager, Gonzalo J. Domingo, John Gerdes, Point-of-Care Diagnostics for Global Health, Annual Review of Biomedical Engineering 2008 10:1, 107-144*
3. *\*\*Chng, Belinda, MacLean, Caitlin, Singh, Harlin, "New Models for Financing Vaccination Programs in Southeast Asia," Financial Innovations Lab Report, Milken Institute, 2016.*
4. *\* Case Study "The Utkrisht Impact Bond Case Study," Convergence: Blending Global Finance: January 2018*

#### *XIV.Program Implementation Plan Team Presentations (January 23)*

חומר חובה לקריאה:

1) *Final paper-Project Concept Note*

*Two key readings to prepare for your project:*

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*“High Level Mapping to SDGs: Green, Social and Sustainable Bonds,” and Working towards a Harmonized Framework for Impact Reporting, International Capital Market Association, June 2020.*

*Concept Note for Sustainable Infrastructure, Duke University, Nicholas Institute, July 2020*

*Requirements:*

- Students are requested to choose a topic and submit a one-page outline prior class on (October 13)*
  - Powerpoint presentations and discussion of each Project Concept Note (done as individual or group no great than 3) will be in a special class review session to be scheduled*
  - Subject to 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 (December 16)*
    - Late papers will not be accepted.*
  - The project concept note will be based on diagnostic questions the students wish to pursue focused upon a related to one more specific Sustainable Development Goals related to specific impact measurements. The objective is to develop a feasible and investable development project using the financial toolkit presented in the course work and in research and case studies discussed in the class and potentially eligible to be included in a social, health, or environmental impact bond or a pooled security for sustainability, social and green bonds under the criteria of the International Capital Markets Association (discussed in reading below and included in high-level mapping of such securities for meet SDGs).*
- These project concept could be considered for possible further work in a class offered in the Spring do prepare the project concept note into a project implementation plan for Fieldwork fellowships applications by eligible students at the Milken Innovation Center in conjunction with the Blum Lab for Developing Economies at the Jerusalem Institute or existing development finance field sites by other partners in the field in Africa, India, or Latin America as part of our ongoing collaboration between: UC-Berkeley and the Jerusalem Institute-Milken Innovation Center/Hebrew University of Jerusalem School of Business Development Finance Practice Program. Students who complete successful field assignments as Fellows will receive a graduate Development Finance Practice certificate from the Hebrew University of Jerusalem School of Business.*
- The project concept note will be based on diagnostic questions the students wish to pursue focused upon a related to one more specific Sustainable Development Goals related to specific impact measurements.*

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- Their project will need to address the following questions:
  - 1. What are the financial bottlenecks for the SDG challenges?
  - 2. Why isn't funding availability? Does the market work?
  - 3. If not, why not?
  - 4. Who could fund and what do they care about?
  - 5. What financial tools can help catalyze that funding through a development capital structure stack or design?

*Additional questions that will need to be addressed in each project implementation proposal would also include:*

- *Project: What is the project proposing to do?*
- *Opportunity: What need is it meeting? Who is interested in the success of this project? Who are the stakeholders?*
  - *Team: Who is doing it? What is their experience, expertise, roles?*
- *Market: Who is the customer? What are the marketing channels to reach the customer?*
  - *Costs: How much does it cost to build? To operate?*
- *Capital Structure: How will it be financed? By whom and under what terms and conditions? What are the returns to each investor?*
  - *Plan: What is the work plan and milestones?*
  - *Risks: What are the risks and how will the risks be mitigated?*
- *Outcomes: What are the outcomes and how will they be measured?*

*Students will need to address these issues in their proposal:*

- *Different innovative financing tools and resulting instruments for potential impact investments;*
  - *Methods of risk mitigation;*
- *Different models for structuring impact investment funds, blended finance models and capital structures, and pooled-securities to develop the financing pipeline;*
- *Examine use of catalytic first loss models, grants, loans, equity, etc. that can be mobilize for impact enterprise and project finance addressing development goals.*
  - *Creative ways to target small and middle-size enterprises and projects through pooled securities, revolving loan facilities, fintech, and alternative risk assessment and management models.*

*2) Completion of case study write-ups and readings presentations for class discussion: You will be asked to review and present case studies and/or readings related to the course from those listed below. Students will be asked to choose their presentation groups by the end of Class Monday , October 31. This summary presentation and related class attendance and engagement in lectures and questions will comprise the second area of course evaluation. (20%) Please note*



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*presentation sign-up page on the course website on B-Course.*

#### *COURSE UNIT OVERVIEW\**

*\*Instructor Lecture and Overview (either synchronous or asynchronous) will precede each Guest Lecture or case study presentations as noted below. .*

##### *I. Introduction to Finance Toolkit and Innovative Finance (October 24)*

###### *Structural Changes in Capital Markets and Development Finance*

- a. Global Trends*
- b. What is Financial Innovation? From Structured to Blended Finance*
- c. Why and How does Capital Structure Matter? (October 24)*

##### *II. Entrepreneurial Finance (October 24)*

- a. Lifecycle of Finance*
- b. Business Finance and Capital Structure*
- c. Equity, Debt finance, and Hybrid Debt Instruments*
- d. SME Finance*

##### *III. Project Mechanics Lecture and Workshop on SDGs--Building Solutions Sets into Project Pipeline (October 31)*

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*\*Practitioner Guest: Lecturer:*

*Steven Zecher, Project Director, Milken Innovation Center-Jerusalem Institute*

*This week will be devoted to background and development of the Project Development Concept Note for the final work product of the course---linking development finance projects to programs to policies to capital market transactions.*

*Key background readings for this session are:*

*\*\*New Perspectives on Results-Based Blended Finance for Cities: Innovative Finance Solutions for Climate-Smart Infrastructure, International Bank for Reconstruction and Development/World Bank 2019.*

*\*\*Case Study Arezki, Rabbah, et.al., "From Global Savings Glut to Financing Infrastructure," Economic Policy, April 2017: 221-261.*

*\*\*Godnar, Gordon and B. Comer, Project Finance Teaching Note," Wharton School, University of Pennsylvania, 1996.*

*UPDATE: Dovrak, Paul, "Put a fence around It: Project finance explained"*

*\*\*Huxley, Joe, "Value Capture Finance, Making Urban Development Pay Its Way," Urban Land Institute, 2009.*

*\*\*\*The ABCs of Asset-Backed Securitization," Guggenheim, 2022*

*\*\*Asset Backed Securitization," Stern School of Business, NYU, 2016.*

#### *IV. IV. Impact Investment and Social Finance: Social Impact Bonds and Beyond (November 7)*

*\*Practitioner Guest Lecture: TBD*

*a. Pay for performance contracting*

*b. Full-spectrum Asset Class Product and Program Development Finance*

*c. Risk-Return-Impact: Metrics*

#### *V. Financing Ideas: Disruptive Science and Tech Finance, Focus on Global Health (November 14)*

*\*Guest Lecture: Prof. Andrew Lo, MIT Financial Engineering Lab  
"Research-Based Obligations and Lessons from Hollywood"*

*a. From Venture Capital Models to Research Bond Obligations*

*b. Disruptive Technologies and the Sustainable Development Goals*

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*VI. Infrastructure (Resilient, Social-Environmental, and Tourism Applications)  
(November 21)*

*Practitioner Guest Lecture:*

*TBD*

*Reading:*

*Dan Carol, "The Case for an Infrastructure Pre-Development Fund," Milken Institute  
(April 2020)*

- a. Infrastructure Projects*
- b. Urban Revitalization*

*VII. Environmental Finance (November 28, December 5)  
Practitioner Guest Lecture:*

*Frederic Samama, Climate Change and Financial Innovation, CIO, Amundi-CPR  
Asset Management*

*XI. Development Finance—Blended Finance (Case Study Applications) (December  
12)*

*Practitioner Guest Lecture:*

*Dr. Christine Negra, VisantVision, "Blended Finance in Sustainable Agriculture"*

*XII. Development Finance-Energy (Case Study Applications) (December 26)*

*Practitioner Guest Lecture:*

*TBD*

*Special Readings:*

*"FERC Order 2222 Levels the Playing Field for Distributed Energy Resources," Claire  
Gotham, Power and Utilities, February 18, 2021  
Cara Carmichael, et.al., The Carbon Emissions Impact of Demand Flexibility, New  
York/Boulder: RMI, February 2021.  
Whitney Mann, et.al., Zeroing In: The US Financial Sector Perspective on Net-Zero  
Lending and Investing, RMI, 2021.*

*XIII. Development Finance—Food-Water Nexus (Case Study Applications)  
(December 26, January 2)*

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*Practitioner Guest Lecturers:  
Naty Barak, Chief Sustainability Officer, Netafim/Obia, Community Irrigation Model:  
Case of Karanataka*

*Special Readings:*

*"How to Mobilize Private Investment at Scale in Blended Finance", Convergence  
and DFID Impact Programme, April 8, 2020*

*XIV. Development Finance –Global Health (January 9, 16)*

*TBD*

*XV. Project Implementation Plan Presentations by Student Teams (January 23)*

*Course Assignments and Readings*

*Reference Resource throughout course: Miken Institute 5-Minute Finance  
The course presumes some basic knowledge of economics and finance. Please use  
our 5-Minute Finance app above for review as well as the Glossary and Appendix  
link supplied as part of the course.*

*Remedial review and terms (present value, compound interest, understanding  
capital structure, investment and consumption, Black-Scholes Formula, forward and  
future contracts, etc.) are easily accessible at Kahn Academic Finance and Capital  
Markets.*

*DETAILED READINGS Per Section of Course:*

*\*\*Required Readings for Lectures  
\*For Student Presentations*

*I. Introduction to Financial Toolkit and Innovative Finance for Development (October  
24)*

- 1. Homi Kharas and Charlotte Rivard, "Financing for sustainable development is  
clogged," Brookings Blog, May 11, 2022.*
- 2. \*\*Allen, Franklin and Yago, Glenn. "Financing the Future: Market-Based  
Innovations for Growth". Upper Saddle River, New Jersey: Pearson/Wharton School  
Publishing, 2010:*
  - a. Chapter 1: The Evolution of Finance;*
  - b. Chapter 2: A Framework for Financial Innovation: Managing Capital Structure.*
- 3. \*\*Anja-Nadine Koenig, Chirs Club and Andrew Apampa, Innovative Development*

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Finance Toolbox, KFW, October 2020.

4. "Integrating nature and knowledge into economics," Popular Science Background, Nobel Prize in Economic Sciences, 2018. (Key Reading Background on Endogenous Growth Theory-Romer, et.al.)

5. \*\*Ross Levine, "Finance, Growth and Inequality", IMF Working Paper, WP/21/164 (June 2021).

6. Levine Aghion, Peter Howitt, and Ross Levine, "Financial Development and Innovation-Led Growth," in T. Beck and R. Levine, Handbook of Finance and Development, London: Elgar, 2018

7. Mollaahmetoglu, E. and G. Y. Akcali, "The Missing-Link between Financial Development and Economic Growth: Financial Innovation, Procedia Computer Science 158 (2019) 696-704

This important reading contextualizes financial innovation as part of this process.

8. Economic Growth, Technological Change, and Climate Change, Scientific Background Paper, Economic Sciences. Nobel Prize, 2018. (Key background reading on Nordhaus, Eccles, etc. impact of climate finance and environment, green accounting, etc.).

9. Madsberg, S. and Keohane, G., Rockefeller Foundation (eds.), The Innovative Finance Revolution, Special Issue of Foreign Affairs, February 2017.  
Framework for SDG Aligned Finance, OECD, 2020

Key Videos to Watch:

VIDEO: Milken Innovation Center-Blum Lab for Developing Economies-Jerusalem, How do we do financial field work together

VIDEO: Hans Rosling, Global Population Growth

VIDEO: Tyler Cowan, Marginal Revolution, On Romer's contribution to development economics Endogenous Technological Change

VIDEO: EconJohn, Endogenous (New) Growth Model

VIDEO: EconJohn, Endogenous Growth Models-Learning by Doing

## II. A. Structural Changes in Capital Markets (October 24)

1. \*\*Corporate Finance: A Roadmap to Mainstream SDG Investments, UN Global Compact Action Platform on Financial Innovation for the SDGs, 2019.

2. \*\*Capital Markets and Sustainable Finance, Chapter 5, World Investment Report, 2021, UNCTAD.

i. \*Case Study "High Level Mapping to SDGs: Green, Social and Sustainable Bonds," International Capital Markets Association, June 2021.

ii. The Social Bond Market: Towards a new asset class. Impact Invest Lab, International Capital Markets Association, 2018

iii. Handbook: Harmonic Framework for Impact Reporting, Green and Social Bond Principles, June 2021.

3. Allison Harwood, "Accelerating Securitization in Africa to Finance the SDGs: Future Flow Securitizations," Milken Institute, February 8, 2021."

4. \*\*Bernstein, Shai, Abhishek Dev and Josh Lerner, "The Creation and Evolution of Entrepreneurial Public Markets," Journal of Financial Economics, 136/2 (May 2020):

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307-329.

5. \*Freiberg, David, DG Park, George Serafeim, and T. Robert Zochowski. "Corporate Environmental Impact: Measurement, Data and Information." Harvard Business School Working Paper, No. 20-098, March 2020. (Revised July 2020.)
6. \*Patrick Bolton and Frederic Samama, Capital Access Bonds: Contingent Capital with an option to Convert," Economic Policy, April, 2012.
7. \*Case Study: Viability of Gender Bonds in SSA: A Landscape Analysis and Feasibility Assessment, FSDAfrica/UN Women, September 2020.
8. \*Case Study: Biau, Carole, "Common Capital Market Infrastructure for East Africa: Options for Way Forward," Milken Institute, Center for Financial Markets, January 2018.
9. \*Case Study: EUR 7-year Social Bond: African Development Group, 2021
10. \*Case Study: Masala Green Bond: IFC and YES Bank
11. \*Case Study: John Schellhase and Harris Mohsin, Ghana's Daakye Program: An African Securitization Case Study, Milken Institute, 2021.

Key Videos:

Somya Singvi, MIT, Unifying Ag Markets for Price Discovery (Levi, et.al. Case study above)

Investing with Impact through Public Securities Markets to Finance the SDGs, Virtual Forum, Milken Institute, July 8, 2021 (Evan Harvey, Head of Sustainability, Nasdaq, Shameela Soobramoney, Chief Sustainability Officer, Johannesburg Stock Exchange, Quyen Tran, Impact Investing, BlackRock)

1. \*\*Allen, Franklin and Yago, Glenn. "Financing the Future: Market-Based Innovations for Growth". New Jersey: Wharton School Publishing, 2010:
  - a. Chapter 3: Innovations in Business Finance;
  - b. Appendix: The Black-Scholes Formula.
2. \*\*Allen, Franklin, Xian Gu and Julapa Jagtiani, "A Survey of Fintech Research and Policy Discussion," Working Papers Research Department, WP 20-21, Federal Reserve Bank of Philadelphia, June 2020.
3. \*New Horizons in African Finance: Reducing Risk and Mobilizing Financing on a New Scale, African CEO Forum and International Finance Corporation, 2016. See Case Studies on: Azito Enegy, Eobank, Cargil SIB on Cocoa Loans, Bayport (Bond Markets), Nutrition, Education (Bridge Academies), and Helios (Private Equity).
4. <https://www.5minutefinance.org/concepts/capital-structure>

Key Videos to watch:

Paddy Hirsh, Capital Structure Explained  
Managerial Finance, Capital Structure  
"Bridge and Blend: The Role of DFIs in Scaling Sustainable Financing," Milken Institute, Vitual Forum, February 21, 2021: Amit Bouri, Global Impact Investing

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Network; Joan Larrea, CEO, Covergence; Nancy Lee, Center for Global Development; Monish Mahurkar, IFC

*B. Entrepreneurial Finance (October 24)*

1. \*\* IFC SME Ventures: Investing in Private Equity in Sub-Saharan African Fragile and Conflict-Affected Situation, IFC and Cross-Boundary Ventures, October 2018.
2. William Janeway, Ramana Nanda, Matthew Rhodes-Kropf, "Venture Capital Booms and Startup Financing", Working Paper 21-116, 2021.
3. \*\* Allen, Franklin, Careletti, Elena, et.al., "Improving Access to Banking: Evidence from Kenya" Review of Finance, 2020:1-40 , BAFFI CAREFIN Centre Research Paper No. 2018-104, Available at SSRN: <https://ssrn.com/abstract=3305047> or <http://dx.doi.org/10.2139/ssrn.3305047>
4. \*\*Ayyagari, Meghana, et.al., SME Finance, Policy Research Working Paper 8241, World Bank Group, Development Research Group, November 2017.
5. Yago, Glenn, "Development Finance Case Studies: Innovative Finance for Sustainable Development Goals," Milken Innovation Center-Jerusalem Institute, 2018:  
1: Aspada, India & Bangladesh
6. "Stimulating Investment in Emerging-Market SMEs," Financial Innovations Lab Report, Milken Institute, 2009.
7. \*\*Case Study: Chu, Michael, and Tahilyani, Rachna, "Aspada: In Search of the Right Structure for Impact Investing," Harvard Business School Case 314-099, April 2014 (Revised July 2014).

Key Videos to watch:

Raman Nanda, "Entrepreneurs as Scientists: Understanding and addressing financing frictions in Deep Tech," Imperial College London Business School, March 24, 2021

Aspada News Story, Young Turks

Financial Innovation Labs, Milken Institute, Bridging Funding Gaps, Solving Global Challenges

*III. Project Mechanics Lecture and Workshop on SDGs--Building Solutions Sets into Project Pipeline (October 31)*

Practitioner Guest Lecturer:

Steven Zecher, Project Director, Milken Innovation Center-Jerusalem Institute

This week will be devoted to background and development of the Project Development Concept Note for the final work product of the course---linking

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development finance projects to programs to policies to capital market transactions.

Key background readings for this session are:

**\*\*New Perspectives on Results-Based Blended Finance for Cities: Innovative Finance Solutions for Climate-Smart Infrastructure, International Bank for Reconstruction and Development/World Bank 2019.**

**\*\*Case Study Arezki, Rabbah, et.al., "From Global Savings Glut to Financing Infrastructure," Economic Policy, April 2017: 221-261.**

**\*\*Godnar, Gordon and B. Comer, Project Finance Teaching Note," Wharton School, University of Pennsylvania, 1996.**

**UPDATE: Dovrak, Paul, "Put a fence around It: Project finance explained"**

**\*\*Huxley, Joe, "Value Capture Finance, Making Urban Development Pay Its Way," Urban Land Institute, 2009.**

**\*\*Asset Backed Securitization," Stern School of Business, NYU, 2016.**

#### *IV.Impact Investment and Social Finance: Social Impact Bonds and Beyond (November 7)*

*\*Practitioner Guest Lecture:*

*Gila Norich, Director, Advisory Services, Social Finance-Israel, Impact Metrics and Development Impact*

*Intro Reading: Sir Ronald Cohen, Impact: Reshaping Capitalism to Drive Real Change, London: Edbury Press, 2020. Chapters 2 and 3: 34-85.*

1. **\*\*Friede, Gunnar, et al., "ESG and Financial Performance: Aggregated Evidence from more than 200 Empirical Studies," Journal of Sustainable Finance and Investment, 5:4, 210 - 233, 2015.**

2. **\*\*Creating Impact: The Promise of Impact Investing, International Finance Corporation, World Bank Group, 2019.**

2. **\*\*Emily Gufstafson-Wright, et. al., What is the Size and Scope of the Impact Bonds Market, Global Economy and Development, Brooking Institution, July 2020. See further reports in this series of evaluations on measuring the success of impact bonds here.**

3. **Lee, Christopher, Ragini Chawla and Aron Betru, Priming SDG Markets: Can International Donors and Implementers Create an Impact Investment Pipeline?, Milken Institute, 2020.**

4. **\*Case Study "High Level Mapping to SDGS: Green, Social and Sustainable Bonds," and Working towards a Harmonized Framework for Impact Reporting, International Capital Market Association, June 2020.**



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### Measuring Impact:

1. Ronald Cohen and George Serafaim, "How to Measure a Company's Real Impact," *Harvard Business Review*, September 3, 2020. (see Video below)
2. *Practical Impact: GIF's approach to impact measurement*, Global Innovation Fund, June 2019.
3. \*Case Study Addy, Chris, et. al., *Calculating the Value of Impact Investing*, *Harvard Business Review*, January-February, 2019.

### Videos to Watch:

Toby Eccles, *Investing in Social Change*

*Measuring Real Impact: An Overview of the Impact Weighted Account Initiative*  
(Sir Ronald Cohen, GSG Impact; Prof. George Serafeim, Harvard Business School; Quyen Tran, Blackrock)

### V. Financing Ideas: Disruptive Science and Tech Finance for SDGs(November 14)

1. \*\*Allen, Franklin and Yago, Glenn. "Financing the Future: Market-Based Innovations for Growth". Upper Saddle River, New Jersey: Pearson/Wharton School Publishing, 2010:Chapter 7: Financing Cures
2. \*\**Reinventing Business through Disruptive Technologies: Sector Trends and Investment Opportunities in Emerging Markets*, IFC 2019.
3. \*\*Seidl da Fonseca R., Pinheiro-Veloso A. (2018) *The Practice and Future of Financing Science, Technology, and Innovation. Foresight and STI Governance*, vol. 12, no 2, pp. 6-22. DOI: 10.17323/2500-2597.2018.2.6.22
4. Walsh P. P., Murphy E, Horan D. "The Role of Science, Technology and Innovation in the UN 2030 Agenda", May 2020, *Technological Forecasting and Social Change*.154.
5. \*Tincq, B., Cunha Brito, M. and Sinet, L. *The Frontiers of Impact Tech: Moonshots worth taking in the 21st Century*. Paris: Good Tech Lab, 2019.
5. \*Case Study\*Hull, John C. and Lo, Andrew W. and Stein, Roger, *Funding Long Shots* (October 25, 2017). Rotman School of Management Working Paper No. 3058472. Available at SSRN: <https://ssrn.com/abstract=3058472> or <http://dx.doi.org/10.2139/ssrn.3058472>
6. \*Case Study: Lo, Andrew W., and Kien Wei Siah (2021), *Financing Correlated Drug Development Projects*, *Journal of Structured Finance*, <https://doi.org/10.3905/jsf.2020.1.114> .
7. \*Case Study: Vu, Jonathan T., et.al, "Financing Vaccines for Global Health Security," *Med RXIV*, March 2020. See also non-technical summary in "The Challenging Economics of Vaccine Development in the Age of COVID 19, and What can be done about it", *Global Forum* 2020.
8. \*Forman, Sandra M., Lo, Andrew W., Shilling, Monica and Sweeney, Grace K. "Funding Translational Medicine via Public Markets: The Business Development

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Company," *Journal of Investment Management*, 13/4 (2015): 9-32.

9. Case Study \* Lo, Andrew W. and Naraharisetti, Sourya, 2014, "New Financing Methods in the Biopharma Industry: A Case Study of Royalty Pharma, Inc.," *Journal of Investment Management* 12, 4-

Videos to Watch:

Andrew Lo, MIT Financial Engineering Lab, *Can Financial Engineering Cure Cancer?*

Any Eldan, Start-Up Division, Israel Innovation Authority, *Bio-Convergence*

Andrew Lo, MIT Financial Engineering Lab, *Lessons from Hollywood*

VI. Infrastructure (Resilient, Social-Environmental, and Tourism) (November 21)

Infrastructure and Urban Revitalization Finance–

Practitioner Guest Lecture:

Dan Carol, "The Case for an Infrastructure Pre-Development Fund," Milken Institute (April 2020)

Public Finance Innovations

- 1.\*\*"The Public Wealth of Cities: How to Turn Around Cities Fortune by Unlocking Public Assets," Citi GPS: Global Perspectives and Solutions, March 2018.
2. \*\*New Perspectives on Results-Based Blended Finance for Cities: Innovative Finance Solutions for Climate-Smart Infrastructure, International Bank for Reconstruction and Development/World Bank 2019.
3. \*\*Case Study Arezki, Rabbah, et.al., "From Global Savings Glut to Financing Infrastructure," *Economic Policy*, April 2017: 221-261.
4. \*\*Godnar, Gordon and B. Comer, *Project Finance Teaching Note*," Wharton School, University of Pennsylvania, 1996. UPDATE: Dovrak, Paul, "Put a fence around It: Project finance explained," *Windpower engineering and Development*, April 11, 2016.
- 5.\*\*Huxley, Joe, "Value Capture Finance, Making Urban Development Pay Its Way," Urban Land Institute, 2009.
- 6.\*\*Asset Backed Securitization," Stern School of Business, NYU, 2016.
7. Case Study\*Satterhwaite, David "The Impact of Urban Development on Risk in Sub-Saharan Africa's cities with a focus on small and intermediate Urban Centers," *International Journal of Disaster Risk Reduction*, 26 (2017) 16-23.
8. \*"New Perspectives on Climate Finance for Cities: Finance Solutions for New and Emerging Infrastructure Approaches to Urban Climate Mitigation and Adaptation," Siemens-Citi-C40 Cities.
9. Case Study: "Hartford County Metropolitan District," Moody's Credit Opinion, July

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2018

10. Case Study: "Financing Urban Resiliency: Coastal Resiliency in Lower Manhattan,"

Milken Institute Financing, Financial Innovation Lab, September 2019

Videos to Watch:

"Filling the Global Infrastructure Gap" Milken Institute Global Conference, June 2019

"Infrastructure, Resilience and Recovery: A Webinar Series on Innovative Policy, Funding and Financing Mechanisms for a New Era," Milken Institute/ United for Infrastructure, June 2020.

(Note specifically, Laura Drescher, Quantified Ventures; also their website on outcomes-based finance for infrastructure and case studies of DC Environmental Impact Bond and first publicly offered environmental impact bond as key financial innovations here).

Housing

1. \*\*Allen, Franklin and Yago, Glenn. "Financing the Future: Market-Based Innovations for Growth". New Jersey: Wharton School Publishing, 2010:
  - a. Chapter 4: Innovations in Housing Finance.
2. \*\*Allen, Franklin, James R. Barth, and Glenn Yago, "Fixing the Housing Market: Financial Innovations for the Future), Wharton School Publishing 2012:
  - a. Chapter 1, "Housing Crises Go Global: The Boom, The Bust and Beyond," 1-68;
  - b. Chapter 4: "Housing in Emerging Markets," 103-138;
  - c. Chapter 5: "Future Innovations in Housing Finance," 139-170, New Jersey: Wharton School Publishing/Pearson, 2012.
3. \*\*"Toward Affordable Housing in Israel," Financial Innovations Lab Report, Milken Innovation Center-Jerusalem Institute, October 2013.
4. "Financing Green Building in Residential Development," Financial Innovations Lab Report, Milken Innovation Center-Jerusalem Institute, March 2017.

Regional Development and Project Finance – Infrastructure, Culture, Tourism

Practitioner Guest Lecture:

Paul Burtenshaw, University College-London, Sustainable Preservation Initiative, "Economic Impacts of Cultural Heritage"

Infrastructure

1. \*\*Chou, Ben, et.al., "State Revolving Funds to Build Climate-Resilient Communities," NRDC Issue Paper, June 2014.
2. \*\*"Innovative Finance to Address Africa's Infrastructure Needs," Financial Innovations Lab, Milken Institute, May 2016.

3. \*Hansen, Kenneth and Molle, Anthony, "World Bank Guarantees for Private Projects," Norton Rose Fulbright, April 12, 2016.
4. \*Case Study Tourism Tax in Jerusalem: Promoting Tourism Development, Milken Innovation Center Policy Brief, September 2, 2019.

#### *Focus on Cultural Heritage Tourism and Sustainable Development*

5. Burtenshaw, P., 2017. *Economics in Public Archaeology*. In Moshenska, G. (ed), *Key Concepts in Public Archaeology*. London, UCL Press. 31-42
  6. Gould, P., & Burtenshaw, P. 2019 *Community Economic Development and Archaeology*. *Encyclopedia of Global Archaeology* (2nd Edition)
  7. Lafrenz Samuels, K., 2016. Transnational turns for archaeological heritage: From conservation to development, governments to governance, *Journal of Field Archaeology*, 41:3, 355-367, DOI: 10.1080/00934690.2016.1174031
  8. \*Case Study: Levy, T. E., et. al., "At-Risk Heritage and Virtual Reality Visualization for Cyber-Archaeology; The Mar Saba Test Case," in Forte, M. and H. Murtiera, *Digital Cities: Between History and Archaeology*, Oxford University Press, 2020
- VIDEO: Hospitality in the Kidron/Wadi El-Nar River Basin-Green Pilgrimage Mountain Bike

#### *VIDEO: Kidron Wadi El Nar: The Politics of Sewage*

#### *VII. Environmental Finance )November 28, December 5)*

- Relevant Weblink for this section: *Environmental Finance* ([www.environmental-finance.com](http://www.environmental-finance.com))  
*UN Environment Program-Finance Initiative* (<https://www.unepfi.org/>)

1. \*\*Allen, Franklin and Yago, Glenn. *Financing the Future: Market-Based Innovations for Growth*. New Jersey: Wharton School Publishing, 2010:  
a. Chapter 5: *Environmental Finance: Innovating to Save The Planet*.
2. \*\*World Bank Outlook 2050: *Strategic Directions Note: Supporting countries to Meet Long-Term Goals of Decarbonization*, 2020: 48-78 (Advancing Cross-Cutting Solutions---focus for project implementation plans).
3. \*\*Bolton, Patrick, et.al., *The Green Swan: Central banking and financial stability in the age of climate change*, Bank of International Settlements, January 2020: 1-20;47-64.
4. \*\*Bolton, Patrick, Xavier Musca and Frederic Samama, "Global Public Private Investment Partnerships: A Financing Innovation with Positive Social Impact", *Journal of Applied Corporate Finance*, 32/1 (Spring 2020).
5. \*Litterman, Bob "What is the Right Price for Carbon Emissions?" *Regulation*, Summer 2013: 38-43:

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- a. Litterman, Bob, "A Pragmatic Approach to Climate Change," April 19, 2016;
  - b. Jones, Peyton, "Selling Stranded Assets: Profit, Protection and Prosperity," International Endowments Network, June 17, 2015.
  6. Case Study: "Converting Emerging Markets to Green Finance: Amundi and the IFC, Imperial College Business School, March 2020.
  7. Case Study: DC Water Environmental Impact Bond, Goldman Sachs/Calvert Foundation, 2016
  8. Case Study: Rose, Adam and Dan Wei, "Impacts of the Property Assessed Clean Energy (PACE) program on the economy of California," Energy Policy 137 (2020).
  9. Case Study: Green FinTech Blockchain and Energy Grid  
Required reading: Deloitte. What is a blockchain (Canvas)  
<https://hbr.org/2017/03/what-initial-coin-offerings-are-and-why-vc-firms-care>  
- [https://hbr.org/2016/05/the-impact-of-the-blockchain-goes-beyond-financial services](https://hbr.org/2016/05/the-impact-of-the-blockchain-goes-beyond-financial-services)
  - Suggested resources:  
Blockchain is building a new kind of energy grid, Technology Review  
How Utilities are using blockchain to modernize the grid, Harvard Business Review, 2017.  
Brooklyn Smart Grid – Blockchain-enabled
  10. Case Study \*Lee, Thomas, "Fossil Fuel Stranded Assets: Efficient Market or Carbon Bubble?" Wharton Public Policy Initiative, April 12, 2017.
  11. Case Study \*Quesnel, Kim, Ajami, Naushua K. and Wyss, Noemi, "Tapping into Alternative Ways to Fund Innovation and Multipurpose Water Projects: A financing Framework from the Electricity Sector," Stanford Woods Center for the Environment, Stanford University, February 2016..
  12. Case Study: Danish Climate Investment Fund, September 2017 (KIF and Convergence).
  13. Case Study: The Great Lakes and St. Lawrence Blue Growth Fund Final Report, 2017

VIDEO: The Price on Nature (Richard Sandor)

Solid Waste and WASH (Water, Sanitation and Hygiene)

1. \*Blass, Vered, Heffer, Shiri, Yago, Glenn and Zecher, Steven, "Financing Solid Waste Disposal in Israel," Financial Innovations Lab Report, Milken Institute, November 2012.
2. VIDEO: Kidron Wadi-El Nar
- 3. Hyun, Christopher, et. al., Sanitation for Low Income Regions: A Cross Disciplinary Review, Annual Review of Environment and Resources, 2019. 44:287-318, 2019.
4. Hobbs, Shakira and Nicole Barclay, "Sustainability Approach: Food Waste to Energy Solutions for Small Rural Developing Communities," International Journal of

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*Environmental, cultural, Economic and Social Sustainability: Annual Review, 2018.*

*River Revitalization and Smart Watershed Management*

1. \**"Financing Kidron/Wadi El Nar River Revitalization," Financial Innovations Lab Report, Milken Institute, July 2013 (Case Study).*
2. *"Revolving Fund for River Restoration". Financial Innovations Lab Report, Milken Institute, December 2009.*
3. *Maclean, Caitlin and Yago, Glenn, "Financial Innovations for Freshwater Revitalization: Transboundary Project Finance in Israel, Jordan, and the Palestinian Authority," Financial Innovations Lab Report, Milken Institute, December 2009.*
4. *Case Study: Walske, Jennifer M. and Laura D. Tyson, "Sanergy: Tackling Sanitation in Kenyan Slums," Berkeley Haas Case Studies, July 2016.*

*Biodiversity*

1. \*\**Moving Mountains: Unlocking Private Capital for Biodiversity and Ecosystems," The Biodiversity Finance Initiative, Finance for Nature, UNDP, 2019.*
2. \*\**Di Marco, Moreno, et.al., "Sustainable Development Must Account for Pandemic Risk," Proceedings of the National Academy of Sciences, February 25, 2020 177 (8) 3888-3892.*
3. \*\**Case Study: Yago, Glenn, "Biodiversity Conservation in Israel," Financial Innovations Lab Report, Milken Institute, July 2012.*
4. \* *Case Study Maclean, Caitlin, Creating Mechanisms for Conservation Finance in Southeast Asia, Financial Innovations Lab Report, Milken Institute, September 2015*

*VIII. Global Development Finance – Blended Finance (December 12)*

1. \*\**Yago, Glenn and Allen, Franklin "Financing the Developing World," World Financial Review, September-October 2011:44-48*
2. \*\**Price, Jennifer and Najada Kumbuli, "Blended Finance: what is it, what it isn't and how to use it for maximum impact"*<https://www.calvertimpactcapital.org/blog/82-2-blended-finance-what-is-it-what-it-isnt-and-how-to-use-it-for-maximum-impact>,*" Calvert Impact Capital, August 17, 2018*
3. \*\**"How to Mobilize Private Investment at Scale in Blended Finance", Convergence and DFID Impact Programme, April 8, 2020*
4. \*\**Lee, Nancy and Dan Preston, "The Stretch Fund: Bridging the Gap in the Development Finance Architecture," Center for Global Development, December 2019*
5. *Designing an Israeli Development Financing Platform: Towards Sustainable Development Goals, Financial Innovations Lab Report, June 2019.*
6. *Convergence Blending Global Finance " The State of Blended Finance 2020", Published October 2020.*
7. *Kamstra, Mark and Shiller, Robert J., "The Case for Trills: Giving the People and their Pension Funds a Stake in the Wealth of Nations," Cowles Foundation Discussion Paper, No.1717, August 2009.*

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8. Lee, Chris, Aron Betru and Paul Horrocks, "Guaranteeing the Goals: Adapting Public Sector Guarantees to Unlock Blended Financing for the U. N. Sustainable Development Goals," Milken Institute and OECD, April 2018.
  9. "Innovative Financing for Development: Scalable Business Models that Produce Economic, Social and Economic Outcomes," Global Development Incubator, September 2014.
  10. \* Case Study Gustafsson-Wright, Emily, .et.al., "Impact Bonds in Developing Countries," Brookings and Convergence Finance, September 2017.
  11. \*Betru, Aaron, Huang, Ziyi, and Mueller, Jackson, "Leaving Transferred Money on the Table: Will Remittance-Linked Financial Products Add Value to Development Finance?", Viewpoints, Milken Institute, March 2017.
  12. \*Akkoyunlu, Sule and Stern, Maximillian "An Empirical Analysis of Diaspora Bonds," Graduate Institute-Geneva, Research Paper 3, 2012.

VIDEO: Africa: Economic Recovery and Transformation, Milken Institute Global Conference Oct. 20, 2020

#### IX. Global Development Finance -Energy (December 26)

Practitioner Guest Lecture:

TBD

Special Readings:

- "FERC Order 2222 Levels the Playing Field for Distributed Energy Resources," Claire Gotham, Power and Utilities, February 18, 2021
- Cara Carmichael, et.al., The Carbon Emissions Impact of Demand Flexibility, New York/Boulder: RMI, February 2021.
- Whitney Mann, et.al., Zeroing In: The US Financial Sector Perspective on Net-Zero Lending and Investing, RMI, 2021.

1. \*Case Study \*Tonknogy, Bela et.al., "Blended Finance in Clean Energy: Experiences and Opportunities," Climate Policy Initiative, January 2018.
2. \*Case Study " Crossboundary Energy," Convergence, October 2016.
3. \*Case Study" Pavlak, Leticia P., et.al., Ignite Power in Rwanda: Electric Power on a Different Scale. . .for All? IESE Business School, University of Navarra, OOP-625-E, April 2021

#### Case Studies for Catastrophic Risk and Climate Change

1. \*\*How Agricultural Index Insurance Can Promote Risk management and Resilience in Developing Economies, Feed the Future Innovation Lab for Markets, Risk and Resilience, University of California Davis, September 2019.
2. "Financial Innovations for Catastrophic Risk: Cat Bonds and Beyond," Milken Institute, Financial Innovations Lab Report, Milken Institute, April 2008.
3. \*Case Study Syroka, Joanna and Wilcox, Richard, "Rethinking International

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- Disaster Aid Finance," Journal of International Affairs, Spring/Summer 2006, 59/2.*
4. *Beavogui, Mohamed, "Building Resilience Against Climate Change: African Risk Capacity," Africa Policy Review, 2018.*
  5. *\*\*Yago, Glenn (ed.), "Development Finance Case Studies: Innovative Finance for Sustainable Development Goals," Milken Innovation Center-Jerusalem Institute, 2018:*
    - a. *Case Study 3: Ignite Power, Rwanda;*
    - b. *Case Study 5: Gigawatt Global, Rwanda;*
    - c. *Case Study 6: Sustainable Water Finance in California and Israel: Financing Tech Transfer.*

#### *Case Studies for Energy*

1. *Bonner, Dale, MacLean, Caitlin, "Public-Private Infrastructure Financing Solutions," Financial Innovations Lab Report, Milken Institute, November 2014.*
2. *\*\*MacLean, Caitlin, Olderman, Katie "Innovative Financing Models for Energy Infrastructure in Africa," Financial Innovations Lab Report, Milken Institute, May 2015.*

#### *X. Development Finance: Food Water Nexus (January 2, 9)*

*Practitioner Lecturer:*  
*Naty Barak, Chief Sustainability Officer, Netafim-OBIA, The Community Irrigation Model:*  
*Lessons from Karanataka*

1. *\*\*Accelerating Agritech Solutions in Israel, California, and Developing Economies, Financial Innovations Lab Report, Milken Innovation Center/Blum Lab, Jerusalem Institute, June 2020.*
2. *Herrero, Mario, et.al., "Articulating the effect of food systems innovation on the Sustainable Development Goals," Lancet Planet Health, December 8, 2020.*
3. *\*Case Study: Levi, Retsef, Manoj Rajan, Somya Singhvi, Yanchong Zheng, The impact of unifying agricultural wholesale markets on prices and farmers' profitability , Proceedings of the National Academy of Sciences Feb 2020, 117 (5) 2366-2371; DOI: 10.1073/pnas.1906854117*
4. *\*\*Pathways to Prosperity: Rural and Agricultural Finance: State of the Sector Report, Feed the Future-USAID, ISF, Rural and Agricultural Finance Learning Lab. 2020.*
5. *\*\*Examining the Climate Finance Gap for Small-Scale Agriculture, Climate Policy Initiative, 2020.*
6. *Rosa, Lorenzo, et.al., "Closing the yield gap while ensuring water sustainability," Environmental Research Letters, 13, 104001, 2018,*
7. *\*Tam, Vikki and Chris Mitchell, "How Farmer-Allied Intermediaries can Transform Africa's Food Systems," Bain and Company, 2020.*
8. *\*Havemann, T., Negra, C. & Werneck, F. Blended finance for agriculture: exploring the constraints and possibilities of combining financial instruments for*



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- sustainable transitions. *Agric Hum Values* 37, 1281–1292 (2020).  
<https://doi.org/10.1007/s10460-020-10131-8>
9. \* Domink Kaluser and Christine Negra, *Getting Down to Earth (and Business): Focus on African Smallholders' incentives for Improved Soil Management, Sustainable Food Systems*, 6 October 2020.
  10. "Paying for Outcomes—Protecting Human and Animal Health in Sub-Saharan Africa," *Financial Innovations Lab Report*, Milken Institute, February 2011.
  11. *Pay for Results in Development: A Primer for Practitioners*, USAID/Palladium, 2018
  12. \*\*Yago, Glenn, "Development Finance Case Studies: Innovative Finance for Sustainable Development Goals," *Milken Innovation Center-Jerusalem Institute*, 2017:
    - a. Case Study 4: The Case of Aflatoxin and Maize Production Pay-for-Outcomes; See also: *Ag Results Summary*, here.
    - b. Case Study 2: Financing Kidron/Wadi El Nar Revitalization-Waste Water; Treatment and Regional Agriculture and Tourism Development.
  13. \* Case Study Du, X., Lu, L., Reardon, T. and Zilberman, D., "The Economics of Agricultural Supply Chain Design: A Portfolio Selection Approach," *American Journal of Agricultural Economics*, 98/5 (10 October 2016):1377-1388.
  14. \*\*"Financial Models for Water Sustainability," *Financial Innovations Lab Report*, Milken Innovation Center-Jerusalem Institute, April 2016.
  15. \* Case Study "Conducting A Feasibility Study for a Financing Facility for Cocoa Smallholders in Ghana," *Convergence*, Rabo Bank, Rainforest Alliance, May 2018
  16. \* Case Study "Financing Fisheries Reform: Blended capital approaches in support of sustainable wild-capture fisheries," *Environmental Defense Fund and Duke Nicholas Institute for Environmental Policy Solutions*, January 18, 2018
  17. \* Case Study "Financing Sustainable Land Use: Unlocking business opportunities in sustainable land use with blended finance," *KOIS Invest and Blended Finance Taskforce*, January 2018

#### *XI. Global Development Finance—Global Health –(January 16)*

1. Lorcan Clarke, et.al., "Development Impact Bonds Targeting Health Outcomes," *Center for Global Development* 133, December 2018
2. \* Paul Yager, Gonzalo J. Domingo, John Gerdes, *Point-of-Care Diagnostics for Global Health*, *Annual Review of Biomedical Engineering* 2008 10:1, 107-144
3. \*\*Chng, Belinda, MacLean, Caitlin, Singh, Harlin, "New Models for Financing Vaccination Programs in Southeast Asia," *Financial Innovations Lab Report*, Milken Institute, 2016.
4. \* Case Study "The Utkrisht Impact Bond Case Study," *Convergence: Blending Global Finance*: January 2018

#### *XIV. Program Implementation Plan Team Presentations (January 23)*

הערכת הקורס - הרכב הציון הסופי :

מבחן מסכם בכתב/בחינה בעל פה 0 %  
הרצאה 35 %  
השתתפות 0 %  
הגשת עבודה 65 %  
הגשת תרגילים 0 %  
הגשת דו"חות 0 %  
פרויקט מחקר 0 %  
בחנים 0 %  
אחר 0 %

מידע נוסף / הערות:

**REQUIREMENTS:**

*All readings are required. Together with attendance at the lectures and participation in structured discussions they will provide students with a tool kit to develop a concise proposal focused on financing a targeted development impact (the course's final project). This end of semester project will be a proposal for the application of an innovative finance product(s) to a project or program that would target a specific sector (agriculture/food, health, energy, or environmental), geography (developing/frontier economy); and/or technology transfer or development application related to the UN's sustainable development goals. This will require a description of the proposed project or program, milestones, project targets, outputs, inputs (including financial, technology and intellectual property inputs), identification and quantification of social, economic and/or environmental outcomes, proposed capital structure, sources and uses of funds and a targeted range of return on investment and social/environmental impact (including identification of potential avoided costs). This would include the identification of specific financial tools (bonds, notes, guarantees and credit enhancement, grants, performance based contracts, revolving loan funds or structured finance product, etc.) and how they might be applied to serve the development target.*

*Themes for these project proposals would include increasing food and agriculture (agricultural productivity, improve food quality and sustainability), global health (including diagnostics, primary care and community projects, treatment modalities and preventive medicine; bio based and sustainable solutions), energy (low carbon projects and climate change adaptation), and environmental finance (sustainable water, land and forest management, conservation and ecosystem services, biodiversity, drought prevention, carbon projects, etc.). Projects could include:*

- *SME finance for enterprise development (compare and contrast specific private*

- 
- equity, revolving loan fund models, structured finance solution etc.);
  - *Environmental or energy infrastructure (use modern finance mechanisms such as risk pooling and risk transfer to create climate response systems to protect food security, technology transfer for water technology, water quality/recycling, distributed water treatment and production or on-grid, off-grid, or under-grid renewable energy project);*
  - • *Agricultural or food innovation (plant or soil science technology innovations, post harvest, or supply chain finance models utilizing agricultural pull-mechanisms);*
    - *Global health innovation (development impact bond, product development partnership, advanced market commitment applied to a vaccine, treatment modality, or preventive measure).*

*These project proposals would address a prospective practical development project and explicate the deployment of a development finance innovation.*

*The project proposal would address how innovative finance could design a capital structure for a project or development target that mobilizes:*

- 1) new pools of private and public revenue streams;*
- 2) new revenues options (e.g., tax, charges, fees, bond sales);*
- 3) new incentives (frontloading and debt-based instruments, philanthropic/government guarantees, public-private partnerships, insurance, and other market-based mechanisms).*

*These projects can be completed as individual (or teams of two reflecting the team members' increased level of effort to meet this assignment's objective).*

*Guidelines and an example of such a project implementation proposal will be discussed in the first class on October 21.*

*Through the projects, students will demonstrate their ability to:*

- *Design and construct an innovative finance application (for either a proof of concept or beta site project) in a developing economy;*
- *Measure, analyze and report development impacts of an innovative finance project;*
- *Identify and develop how a development impact investment would benefit and expand capital access through the creative use of innovative financing tools;*
- *Assist a high-impact project to access flexible market and below-market financial tools;*
  - *Identify how to structure the transaction and identify potential interested partners with aligned interests in the proposed project.*