

CAPITAL MARKETS PROGRAM

at The George Washington University

LEARNING OBJECTIVES

The IFC-Milken Institute Capital Markets Program at The George Washington University is designed to enable participants to:

- Tackle the complexity of today's capital markets
- Bridge the gap between theory and practice
- Enhance responsiveness of policy to private sector needs
- Utilize capital markets for the development of their region

These different ambitions are reflected in the key learning objectives set out below.

Objective One: Understand and appraise the ecosystem of capital markets

Our cohort will begin the program with a strong foundation in economics, basic finance and statistics, as well as with experience from day-to-day work related to financial markets in their home countries. Building on this knowledge, we want the cohort to develop a comprehensive understanding of the structure and function of capital markets—including how these characteristics may vary across country and regional contexts, how different capital-market institutions interact, which are the driving elements of investor behavior, and in which cases these ecosystems can fall short of leveraging a country's long-term investment potential.

Program participants will gain the ability to:

- **Synthesize and apply** the principal concepts of corporate finance (both micro and macro, such as: interest rate risk; term structure of interest rates; bond and stock valuation; capital budgeting and capital structure; risk tolerance and randomness in financial decision-making; etc.) so as to better assess the financing needs and observed behavior of local and foreign firms
- **Distinguish and examine** different markets and their instruments and characteristics (including money, bond, mortgage and derivative markets)
- **Infer** how government regulation and investment behavior interact in these settings
- **Identify** the appropriate quantitative tools for affecting these behaviors and taking investment as well as policy decisions
- **Appraise** the efficacy of a country's capital-market ecosystem (including quantitatively, by evaluating risk and forecasting resource allocation decisions through quantitative tools)
- **Identify** shortcomings in the system
- **Evaluate and design** possible policy solutions at micro (individual) and macro (country and regional) levels

In sum, students should complete the program armed with full capacity to tackle the complexity of today's capital markets.

Objective Two: Applying analytical and regulatory tools to developing and emerging economy contexts

We expect all students to apply the theories, tools, and concepts learned to the analysis of capital-market issues in a contemporary global setting, as well as in specific country and regional contexts (with, for 2016-17, a focus on African countries). This includes the relevant application of financial models and computational methods which can be used to extract insights from financial data. By combining these technical tools and concepts with historical analysis, and with insights drawn from the IFC-MI guest seminar series, students should gain ability to:

- **Distinguish** growth opportunities and threats in young capital markets
- **Interpret and infer** the needs and behaviors of private investors, both pre- and post-establishment in such markets
- **Break down** causes and consequences of past capital market failures (whether these be systemic such as financial crises; or, on a much smaller scale, low market turnover, weak investor interest, or insufficient financial inclusion)
- **Select and apply** the appropriate quantitative and regulatory tools to historical (or simulated) economic and financial contexts, so as to better discriminate across a range of possible policy responses
- **Realistically differentiate** 'lessons learned' from history and case studies from situations in their home countries or regions, including in light of any financial and technical capacity constraints; so as to examine where alternative policy or investment innovations are warranted

Complemented by the Spring 2016 work placement, these courses and seminars should help students put tools and concepts into practice once they return home, and facilitate policy responsiveness to private sector needs.

Objective Three: Discovering, utilizing and fostering an international cadre of capital-market experts and peers

The Fellows and Alumni Network for this program will be a key source of peer support and advice as alumni go on to play pivotal roles in advancing the development, management, and integration of their capital markets. The strength of this network must be built during the earliest stages of the program itself. We expect students to:

- **Recognize** the value of what their different country and sector experiences bring to the table
- **Question** each-other and provide constructive criticism in group projects (including at the work placement stage)
- **Identify and examine** areas where differing investment and regulation practices can most usefully be leveraged
- **Generate** a shared identity and ambition for making capital markets work for broad-based development

Through the program, students will also be engaged in assessing the possible benefits of (and different policy options for) further regional integration of capital markets—in view of contributing to stronger cross-border collaboration on how to utilize capital markets for the development of their regions.

Measures of progress against the learning objectives

1. **EMBEDDED PERFORMANCE MEASURES** using assignments from courses. These measures may include pre- and post-course questions (including during the summer boot camp). In all courses, instructors will also require a combination of exams, group projects and essays that cover both descriptive and analytical material. The students' responses to these will regularly demonstrate their ability to apply their understanding to contemporary investment and policy questions, including in their home region.
2. **COMMUNICATION/PARTICIPATION MEASURES** including contacts made across cohort during program (community blackboard, participation in networking events and roundtables, including during work placement stage) and post-completion (alumni network).
3. **EX-POST PERFORMANCE MEASURES** including career path and performance upon return to home government.