



A few years ago, the Milken Institute took on the challenge of helping to jumpstart lagging funding for potentially life-saving medicines. We brought together individuals who ordinarily would never have met to

come up with fresh ideas for raising capital for this vital sector. In addition to the usual suspects – scientists, government health officials, biotech and pharma industry leaders – we added some outliers, including investors in the movie business.

The result? Vital new thinking on how to increase funding for drugs trapped in the “valley of death” – drugs with real hope but little investment support. Strikingly, the movie people were largely responsible for the breakthrough, using insights from changes in the ways they’ve been funding films.

The meeting was such a success that we knew we were onto something: bringing together people – both the expert and the unexpected – for a day of brainstorming and structured discussion on a vital issue. We call them Financial Innovations Labs, and they have borne spectacular fruit.

Last year, for example, our Israel Center held a Lab on how best to use the billions of dollars that will soon flow from Israel’s offshore natural gas fields. One recommendation: the creation of a sovereign investment

fund, so that the money will become an enduring patrimony for Israel – and not spark a transient natural resource boom that distorts the rest of the economy. In February, Israeli Prime Minister Benjamin Netanyahu announced discussions with the goal of creating just such a fund.

Another example. Texas’ Rio Grande Valley is one of the most economically depressed areas in the United States. A Lab that the Institute convened there last year led to the creation of a new task force of regional leaders, galvanizing diverse interests to build and finance better housing for the Valley.

The impact of the Labs is also in evidence in sub-Saharan Africa. In 2010, we looked at how to improve agricultural productivity by leveraging aid and private investment through the use of an innovative “pull mechanism.” We helped clarify how best to get funding to small farmers – and these ideas are being championed by a coalition of donor agencies, including the Bill and Melinda Gates Foundation, the Lab’s lead sponsor.

To see how our Financial Innovations Labs make their magic, I urge you to visit the Institute’s Web site and read the Lab reports. You’ll find they offer some of the most cogent and compelling analyses of the issues available today.

Michael Klowden
President and CEO