

*“The tools, strategies and shared practical case studies as well as the hands on experience of the participants has, no doubt, equipped me to come up with effective strategies for my bank as we contemplate on downscaling to a microfinance institution by establishing a subsidiary....Overall, attending FIPED has been an enriching and great experience which will be highly useful to my future career and professional endeavors.” - FIPED 2006 participant*

#### CONTACT INFORMATION

Executive Education Admissions  
John F. Kennedy School of Government, Harvard University  
79 JFK Street, Cambridge, MA 02138 USA  
P 617-496-0484  
F 617-495-3090  
ksg\_execed@harvard.edu  
www.ksg.harvard.edu/execed/fiped

## Financial Institutions for Private Enterprise Development: Micro and SME Finance in Theory and Practice

#### ADMISSIONS REQUIREMENTS

To apply, please complete the enclosed application form or go to [www.ksg.harvard.edu/execed/fiped](http://www.ksg.harvard.edu/execed/fiped). Early application is strongly encouraged, as enrollment is limited.

Participants are generally sponsored by their employer or a funding organization. The program itself does not provide financial assistance.

Candidates should approach their employer or a funding organization to obtain financial support as early as possible. Some agencies that offer financial assistance for training include: the United States Agency for International Development (USAID); the United Nations Development Program (UNDP); the United Nations Industrial Development Organization (UNIDO), the World Bank (IBRD); the International Finance Corporation (IFC); the Asian Development Bank (ADB); the Inter-American Development Bank (IADB); the African Development Bank (AFDB); and major foundations.

Because time required to obtain a visa can be lengthy, we encourage applicants to return the application by the stated deadline.



John F. Kennedy School of Government Executive Education  
**Harvard**



*An intensive executive education program — a practical guide to sustainable provision of financial services for low-income households and micro, small, and medium enterprises.*

**August 19 – 31, 2007**

Application Deadline: June 15, 2007

\$ 8,350 fee includes tuition, lodging, most meals, health insurance, and curricular materials

**Faculty Chair**

Jay Rosengard

Director, Financial Sector Program, Center for Business and Government

**THE PROGRAM**

**Financial Institutions for Private Enterprise Development (FIPED)** is designed for senior-level managers, advisors, and regulators working in the areas of microfinance and commercial banking for small- and medium-sized businesses. This two-week program offers practical guidance in providing savings, credit, and payment services for unbanked and underbanked markets in a profitable and sustainable manner. The provision of commercially viable financial services for family businesses and low-income households is a prime example of social entrepreneurship, or pursuit of the “double bottom line”: bankers for the poor can create both private and social value added. FIPED demonstrates that offering financial services for low-income households and micro, small, and medium enterprises (MSMEs) not only can earn profits for financial intermediaries, but can also have positive income, employment, and quality of life impacts on their customers.

FIPED is also unique in that it intentionally covers microfinance and SME finance in the same program. It explores similarities between these two markets, especially in risk identification and mitigation, and highlights key strategic and operation differences, particularly in product development and delivery systems. Microfinance and SME finance are usually dealt with separately, ignoring the lessons they offer each other, as well as the difficulties in graduating from microfinance to SME finance, sometimes called the “missing middle” of banking services.

FIPED shows how to design appropriate financial instruments and to adopt market-oriented management and regulatory approaches to meet not only the needs of MSMEs, but also those of MSME bankers and MSME communities. The goal of the program is to offer financial institutions the management skills and operational tools necessary to operate in a competitive economy, and give senior government officials an understanding of the macro-level policies needed to support MSME finance that will have long-term, nationwide impact.

Since its inception in 1995, FIPED has attracted an outstanding group of executives to Harvard University from financial institutions and government organizations in 93 countries. FIPED faculty includes well-known professionals from Harvard University and experienced practitioners from premier financial institutions around the world. In addition, faculty members are engaged internationally in advising and training organizations in the creation and management of profitable and sustainable financial institutions.

FIPED consists of core lectures, applied cases, and practical exercises. FIPED pedagogy is tailored to executive education so that much of the learning that takes place is through the interaction of participants, who work in groups to complete and present a series of case studies illustrating new management and finance techniques applicable to the daily operations of financial institutions. In addition, participants operate the virtual financial institution SymBanc™ as they navigate system dynamics simulations of real policy and operational environments. Participants also undertake a structured series of intense negotiations via a set of role-playing scenarios.

*The curriculum covers:*

**Policy Framework and Environment**

- Macroeconomic context of MSME finance
- Role and size of the informal economy
- Common misconceptions about lending to MSMEs
- Government and donor market distortions
- Politics of MSME finance
- Supervision and regulation of MSME financial institutions
- MSME impact evaluation

**Forms of Finance**

- Working capital loans
- Lending for seasonal or cyclical businesses
- Lending for business modernization and expansion
- Lending for investment in housing and education
- Financing start-up businesses
- Venture capital
- Trade finance

**Institutional Models**

- Alternative institutional models for MSME finance (regulated financial institutions, membership-based institutions, village banks, branchless banking, and NGOs)
- Transformation and commercialization of MSME financial institutions

**Financial Tools**

- Loan assessment
- Financial statement analysis
- Evaluation and management of collateral
- Interest rate policies and calculations
- Breakeven calculations and sustainability analysis
- Financial performance ratios
- Credit scoring

**Operations**

- Design and pricing of savings and credit instruments
- Provision of transfer and payment services
- Provision of business development services
- Assessment of subsidies and the concept of smart subsidies
- Identification and mitigation of credit risks in loan portfolio management
- Identification and mitigation of financial risks in funds management
- Perpetration and detection of fraud
- Management information systems (MIS) and information technology (IT)
- Nonconventional financing of microfinance institutions
- Negotiating to create value, claim value, and maintain relationships

**WHO SHOULD ATTEND**

FIPED has been specifically created for financial institutions, government agencies, NGOs, and international organizations that recognize the potential and importance of financing MSMEs. These include:

- commercial, investment, and specialized banks
- financial development corporations and investment funds
- central banks and bank superintendents
- government ministries
- multi-lateral and bilateral development assistance agencies
- non-government agencies
- microfinance consultants and trainers

*“FIPED challenges you to draw strong and powerful messages from your micro actions to inject into the macro debates. I am going back a global citizen after the FIPED 2006” - FIPED 2006 participant*