



#### ABOUT THE FACULTY CHAIR

**Jay Rosengard** is Lecturer in Public Policy at Harvard Kennedy School and has 30 years of international experience in the design, implementation, and evaluation of development policies and programs throughout Asia, Africa, and Latin America. Rosengard's areas of expertise include public finance and fiscal policy, tax and budget reform, municipal finance and management, intergovernmental fiscal relations, banking and financial institutions development, microfinance, management information systems, monitoring and evaluation, human resource development, and public administration. Rosengard is currently Director of the Mossavar-Rahmani Center for Business and Government's Financial Sector Program, which focuses on the development of bank and nonbank financial institutions and alternative financing instruments. In addition, Rosengard is a Faculty Affiliate of both the Ash Institute for Democratic Governance and Innovation and the Center for International Development. He also serves as Faculty Chair of three Executive Education programs: **Financial Institutions for Private Enterprise Development (FIPED)**, which focuses on sustainable and effective microfinance and SME (small and medium enterprise) finance; **Comparative Tax Policy and Administration (COMTAX)**, which addresses key strategic and tactical issues in tax design and implementation; and **Vietnam Executive Leadership Program (VELP)**, which is an innovative policy dialogue with senior Vietnamese leadership.



[www.hks.harvard.edu/ee/fiped](http://www.hks.harvard.edu/ee/fiped)

**“Leadership and learning are indispensable to each other.”**

John F. Kennedy

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**FINANCIAL INSTITUTIONS FOR PRIVATE ENTERPRISE DEVELOPMENT: MICRO AND SME FINANCE IN THEORY AND PRACTICE**





## THE PROGRAM

**Financial Institutions for Private Enterprise Development is an intensive Executive Education program** — a practical guide to the sustainable provision of financial services for low-income households and micro, small, and medium enterprises.

**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. Bankers for the poor can create both private and social value in the pursuit of the “double bottom line”. **FIPED** demonstrates that offering financial services for low-income households and micro, small, and medium enterprises (MSMEs) can not only earn profits for financial intermediaries, but can also have positive impact on income, employment, and quality of life for customers.

**FIPED** is 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 operational differences, particularly in product development and delivery systems. Microfinance and SME finance are usually dealt with separately, which ignores the lessons they offer each other, and also the difficulties in graduating from microfinance to SME finance, sometimes called the “missing middle” of banking services.

**FIPED** presents 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.

## CURRICULUM

**FIPED** consists of core lectures, applied cases, and practical exercises. The **FIPED** pedagogy is tailored to Executive Education, so much of the learning that takes place is through the interaction of participants. They 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 dynamic 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

- » Impact of the global economic crisis on MSME finance
- » Macroeconomic and political context of MSME finance
- » Role and size of the informal economy
- » Common misconceptions about lending to MSMEs
- » Supervision and regulation of MSME financial institutions
- » MSME impact evaluation

### Institutional Models

- » Alternative institutional models for MSME finance
- » Transformation and commercialization of MSME financial institutions

### Operations

- » Design and pricing of savings and credit tools
- » Provision of transfer, payment, and remittance 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
- » Link between MSME’s and international capital markets
- » New MSME products and technologies
- » Negotiating to create value, claim value, and maintain relationships
- » Loan assessment, including financial statement analysis
- » Evaluation and management of collateral
- » Interest rate policies and calculations
- » Breakeven calculations and sustainability analysis, including financial performance ratios
- » Credit scoring

### Forms of Finance

- » Working capital loans, including lending for seasonal or cyclical businesses
- » Alternative financing mechanisms for start-up businesses, including venture capital
- » Trade finance
- » Microinsurance

## WHO SHOULD APPLY

Since its inception in 1995, **FIPED** has attracted an outstanding group of executives from financial institutions and government organizations in over 100 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** 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
- » Microfinance consultants, trainers, and researchers

## ADMISSIONS

**Financial Institutions for Private Enterprise Development** is a two-week program offered each August at Harvard Kennedy School.

To apply for **FIPED** or for details on program dates, application deadlines, and tuition, please visit [www.hks.harvard.edu/ee/fiped](http://www.hks.harvard.edu/ee/fiped).

Admission to the program is competitive and is based on professional achievement and organizational responsibility. Though there is no formal educational requirement, fluency in written and spoken English is a necessity for participation in the program.

Because of the interactive nature of this program, the number of participants is limited. Early application is encouraged as qualified candidates are admitted on a rolling, space-available basis and the program often fills quickly. Applications received after the deadline will be considered only if space remains in the class.

Financial assistance for training of this kind is often available from foundations, international development agencies, and multilateral assistance organizations. Individuals wishing assistance should make inquiries directly for these organizations as soon as possible, as training funds are often limited and the approval process can be lengthy.