Entrepreneurship and Alternative Economies

COURSE DESIGNATOR: MSID 4001
NUMBER OF CREDITS: 4
LANGUAGE OF INSTRUCTION: French
CONTACT HOURS: 18 hours

COURSE DESCRIPTION

This course describes microfinance as a solution to poverty, while at the same time, explores its limits as a tool for economic growth and sustainable development. The dilemma experienced by microfinance institutions—balancing the need for financially viable investments and social profitability for poor populations—is given as an illustration. We will trace the history of microfinance, beginning with the work of Professor Yunus and his efforts to aid women in his community by promoting generative economic activity.

A second phase of the course will examine the place of microfinance in the Millennial Development Objectives (OMDs), including cluster funding, and its multiplying effects on economic development as a successor policy to the direct loans of the 1990s. We will also study interpretations of the Strategy Document on the Reduction of Poverty (DSRP) in developing countries.

This reframing will allow us to examine new debates in economic theory and microfinance that weigh its importance in financial markets and its relationship to the real economy. We will also discuss the use GDP as a telling indicator of a country’s economic development, and criticisms of this metric.

The course will also describe the economic and financial impact of microfinance and the role of microfinance in attenuating gaps in economic development. This discussion will highlight the role played by international development organizations—notably the PNUD, the ACDI, and the FENU—in the promotion of microfinance as a durable form of economic development.

COURSE OBJECTIVES

This theoretical course will allow students to understand development policy tools that use microfinance as a strategy for economic growth in the war on poverty. A critical reflection on the limits of microfinance as a durable development approach will allow students to better understand attempts at innovation that respond to specific problems related to microfinance, and the course will introduce them to diverse perspectives on microfinance in the contemporary global economy.

This course will allow students to:

• Develop a familiarity with Decentralized Financial Systems (SFD);
• Understand legal restrictions and regulation of microfinance;
• Become familiar with regulatory movements to encourage SFD;
• Recognize the attributes of a trusteeship system;
• Understand the different administrative and managerial tasks associated with a mutual benefit organization;
• Recognize the different structures that exist in a mutual benefit organizations and the missions with which they are vested;
• Understand the constraints and assets of a microfinancing system.

METHODOLOGY

• Readings
• Discussion
• Applied exercises in class
• Presentations by invited experts
• Visits to businesses

REQUIRED READINGS/ MATERIALS

PROVIDED MATERIAL
• Photocopies
• Slides

USEFUL WEBSITES
• ACCION International http://www.accion.org
• BCEAO / UEMOA www.bceao.int/internet/sfd.nsf
• CGAP http://www.cgap.org
• Grameen Foundation http://www.gfusa.org
• Imp-Act http://www.imp-act.org
• INAFI http://www.inafiinternational.org / http://www.inafiafrica.org
• Le portail de la microfinance au Sénégal http://senegal.portailmicrofinance.org
• ME&F Senegal http://www.senegal-entreprises.net/secteur-financier.htm
• Microfinance Gateway http://www.microfinancegateway.org
• Planète Finance http://www.planetfinancegroup.org
• United Nations http://www.uncdf.org/francais/microfinance
• USAID microfinance http://www.microlinks.org
• World Bank http://www.worldbank.org

GRADING

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<tr>
<th>Grade</th>
<th>Range</th>
<th>Description</th>
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<tr>
<td>A</td>
<td>93-100</td>
<td>Achievement that is outstanding relative to the level necessary to meet course requirements.</td>
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<tr>
<td>A-</td>
<td>90-92</td>
<td>Achievement that is significantly above the level necessary to meet course requirements.</td>
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<td>B+</td>
<td>87-89</td>
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<tr>
<td>B</td>
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<td>F</td>
<td>0-59</td>
<td>Represents failure (or no credit) and signifies that the work was either (1) completed but at a level of achievement that is not worthy of credit or (2) was not completed and there was no agreement between the instructor and the student that the student would be awarded an I.</td>
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SUMMARY OF HOW GRADES ARE WEIGHTED
Class participation 20%

Reports on field visits 20%

Final report on microfinancing and the internship 60%

Overall grade 100%

COURSE CONTENT

**INTRODUCTION: THE EVOLUTION OF MICROFINANCE**

Week one

- The banking exclusion
- Resorting to informal finance
- Microfinance as a response to banking exclusion (the case of Grameen Bank)
- The history of microfinance and its place in the current economy

**CHAPTER I: MICROFINANCE AS A STRATEGIC INSTRUMENT FOR DURABLE DEVELOPMENT**

Week two

- A tool for combatting poverty
- Developing agrarian links
- Local development
- The experience of PCE and USAID

**CHAPTER II: THE “SIM”—THE SOCIAL IMPACT MEASURE OF MICROFINANCE**

Week three

- Solidarity mechanisms and microfinance
- Tools for measuring social impact: approaches and uses
- The SIM developed by INAFI International
- The PPI—Poverty Performance Index—developed by Grameen Group

**CHAPTER III: INTEGRATING MICROFINANCE INTO THE FINANCIAL SYSTEM**

Week three

- Microfinance’s role in the economic system
- Microfinance and the banking system
VISIT TO A MICROFINANCE INSTITUTION

Week four
- Preparation for visit and Senegalese context
- Visit and meetings at microfinance institution
- Debrief and comparative discussion of the Senegalese and USA contexts

CHAPTER IV: THE ROLE OF NATIONAL POLITICS IN MICROFINANCE

Week five
- Understanding the politics of microfinance
- The Strategic Document on the Reduction of Poverty (Senegal)
- The place of microfinance in accelerated growth policies (SCA Senegal)

CHAPTER V: THE IMPACT OF INTERNATIONAL ORGANIZATIONS ON THE DEVELOPMENT OF MICROFINANCE

Week five
- The case of the World Bank and the UN
- Support of lenders in microfinance: the need to harmonize interventions
- Microfinance and the Millennial Development Objectives

CHAPTER VI: MICROFINANCE AND THE DYNAMIC ECONOMY

Week six
- Effects on the economy after decades of financial innovation (the case of Bangladesh)
- The stakes of microfinance in the context of globalization

CHAPTER VII: MICROFINANCE AND DEVELOPING COUNTRIES

Week six
- The place of microfinance in developing economies
- The introduction of microfinance in developing countries
- The International Monetary Fund
- Real and possible interactions between the two sectors
- The limits of microfinance – diverse perspectives
- The institutional framework of microfinance organizations in the UEMOA zone
ATTENDANCE POLICY

Students are expected to be on time and attend all classes while abroad. Many instructors assess both attendance and participation when assigning a final course grade. Attendance alone does not guarantee a positive participation grade; the student should be prepared for class and engage in class discussion. See the onsite syllabus for specific class requirements.

UNIVERSITY OF MINNESOTA POLICIES AND PROCEDURES

Academic integrity is essential to a positive teaching and learning environment. All students enrolled in University courses are expected to complete coursework responsibilities with fairness and honesty. Failure to do so by seeking unfair advantage over others or misrepresenting someone else’s work as your own can result in disciplinary action. The University Student Conduct Code defines scholastic dishonesty as follows:

SCHOLASTIC DISHONESTY:

Scholastic dishonesty means plagiarizing; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; altering forging, or misusing a University academic record; or fabricating or falsifying data, research procedures, or data analysis.

Within this course, a student responsible for scholastic dishonesty can be assigned a penalty up to and including an “F” or “N” for the course. If you have any questions regarding the expectations for a specific assignment or exam, ask.

STUDENT CONDUCT:

The University of Minnesota has specific policies concerning student conduct. This information can be found on the Learning Abroad Center website.