International Development: Critical Perspectives on Theory and Practice

Entrepreneurship and Alternative Economies

COURSE DESIGNATOR MSID 4001

Language of Instruction French

NUMBER OF CREDITS 4 credits

Contact Hours 3 hours per week

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 of 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.

INSTRUCTOR
M. Aliou Ndiaye
Mr. Ndiaye holds a Master’s degree in Management from the University Chekh Anta Diop and a DESS in financial auditing. He is currently a microfinancing consultant. Mr. Ndiaye managed Microfinance Institutions before his career in auditing and his work establishing Decentralized Financial Systems.

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.

LEARNING OUTCOMES
This course will allow students to:
- Develop an 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 READING/MATERIALS
• 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.inafinternational.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

CRITERIA FOR GRADING AND GRADING STANDARDS

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
<th>Description</th>
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<tbody>
<tr>
<td>A</td>
<td>95+</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>90-94</td>
<td>Achievement that is significantly above the level necessary to meet course requirements.</td>
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<tr>
<td>B+</td>
<td>86-89</td>
<td>Achievement that meets the course requirements in every respect.</td>
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<tr>
<td>B</td>
<td>83-85</td>
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<tr>
<td>B-</td>
<td>80-82</td>
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<tr>
<td>C+</td>
<td>76-79</td>
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<td>C</td>
<td>73-75</td>
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<tr>
<td>C-</td>
<td>70-72</td>
<td>Achievement that is worthy of credit even though it fails to meet fully the course requirements.</td>
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<tr>
<td>D+</td>
<td>66-69</td>
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<tr>
<td>D</td>
<td>60-65</td>
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<tr>
<td>F</td>
<td>&lt;60</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:

<table>
<thead>
<tr>
<th>Grade Component</th>
<th>Weight (%)</th>
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<tbody>
<tr>
<td>Class participation</td>
<td>20%</td>
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<td>Reports on field visits</td>
<td>20%</td>
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<tr>
<td>Final report on microfinancing and the internship</td>
<td>60%</td>
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<tr>
<td>Overall grade</td>
<td>100%</td>
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**CLASS SCHEDULE**

**WEEK 1**
Introduction: The Evolution of Microfinance
- 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

**WEEK 2**
Chapter I: Microfinance as a strategic instrument for durable development
- A tool for combatting poverty
- Developing agrarian links
- Local development
- The experience of PCE and USAID

**WEEK 3**
Chapter II: The “SIM”—the Social Impact Measure of microfinance
- 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
- Microfinance’s role in the economic system
- Microfinance and the banking system

**WEEK 4**
Visit to a microfinance institution.
## WEEK 5

### Chapter IV: The role of national politics in microfinance
- 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: approaches and partnership policies
- 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

## WEEK 6

### Chapter VI: Microfinance and the dynamic economy
- 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
- 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

Regular attendance and punctuality are mandatory in order to earn full marks. The final grade will take into consideration preparation required for class (i.e. readings) and participation in class discussions. If you miss any meetings without an excused absence from the on-site director, your final grade will be dropped accordingly or you may be dismissed from the program. In the case of absences, it is the student’s responsibility to find out what information was given in class including any announcements made.

## 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 and student needs. This information can be found on the Learning Abroad Center website.