

Poverty and business - the case of microfinance

Basic info

- Where:** Room 2.1.02, *Center for Sundhed og Samfund*, Øster Farimagsgade 5, 1353 København. Department of Political Science, University of Copenhagen. See map below.
- When:** Tuesdays, 14:15 – 17:00, Spring 2008. First class will most likely be Tuesday Jan 29th – please see webpage for more info.
- Access:** The course is open to all. Non-political science students needs fill in an application in advance – please see below.
- Teachers:** Lone Søndergaard, myC4.com and Ole Dahl Rasmussen, DanChurchAid (Folkekirken Nødhjælp), external lecturers.
- More info:** The course website: <http://sis.ku.dk/lp/VisKursus.asp?Knr=98165&Sprog=DK&InFrame=0>
Contact Lone and Ole: mfclass@gmail.com.

Course description

Microfinance is financial services like credit, savings and insurance targeted at poor people mainly in developing countries. Financial services are extremely important in the lives of poor people: Credit can support the start-up of income generating activities, and in combination with savings and insurance it can reduce vulnerability to shocks like poor harvests, deceases or death in the nearest family – things which are commonplace for the world's 1 billion very poor people. Today, microfinance reaches some 100 million people across the world, and while the core of microfinance still happens on the ground in India, Bolivia, Bangladesh and elsewhere, it has recently caught the attention of the Wall Street and companies like Standard and Poor's and Citibank are now involved in microfinance alongside development agencies and the UN.

Academically, microfinance has been discussed mainly by economists or specialized "microfinanciers." This course gives an introduction to academic microfinance with the aim of broadening the agenda by combining insights from business management, economics and public administration in the study of microfinance. We will look at microfinance as a societal phenomenon and use microfinance as a case for discussing issues like poverty reduction, sustainability and the role of business in development vis-à-vis the state and civil society.

Content

The course will consist of the following sessions:

1. Intro to microfinance: Media hype meets reality
2. History and definition of microfinance: From loans to inclusive finance
3. What is poverty? Participation and monetary measurement
4. Rural credit and savings markets: The poor and their money
5. The fortune bottom at the pyramid: Markets for the next billion
6. Organizational perspectives: Models of microfinance
7. Financing microfinance: Danida, IFU and Wall Street
8. The case of BancoSol in Bolivia: Be a microfinancer
9. Impact and critiques: Perhaps it doesn't matter
10. The future of microfinance

Course teaching methods

Lectures and active learning techniques like student discussions, cases and short student presentations. The course will include presentations by practitioners working with development, poverty reduction and microfinance, for example at myC4.com and DanChurchAid (Folkekirkens Nødhjælp).

Which competences (pre-qualifications) are required to be able to follow the seminar?

Two years of social science education at university level is required, together with a keen interest in global poverty and its remedies.

Which competences can be obtained by following the seminar?

Students will:

- Gain basic knowledge in the three fields central to the course: Poverty and poverty analysis, business in development and microfinance.
- Get the ability to critically assess the role of business and microfinance in development and poverty reduction.
- Obtain thorough knowledge on microfinance. By using microfinance as an example of a development intervention students will be able to critically assess other development interventions in terms of impact and sustainability.
- Get introduced to practical problems and careers in development by interacting with a variety of practitioners.

Key texts

C. K. Prahalad, 2006, *The Fortune at the Bottom of the Pyramid*, Wharton School Publishing

Dichter, Thomas W. and Malcolm Harper (2007), *Whats wrong with microfinance?*, Practical Action Publishing, Rugby.

Armendariz de Aghion, Beatriz and Jonathan Morduch (2005), *The economics of microfinance*, MIT Press, Cambridge, Mass.

Sen, Amartya Kumar (1999), *Development as freedom*, Knopf, New York.

Ravallion, M. and Shaohua Chen (2004), "How Have the World's poor fared since the early 1980's" in *The World Bank Research Observer*, vol. 19, iss. 2, pp. 141-169.

Morduch, Jonathan (1999), "The Microfinance Promise" in *Journal of Economic Literature*, vol. XXXVII, pp. 1569-1614.

Robinson, Marguerite S. (2001), *The microfinance revolution. Vol. 1, Sustainable finance for the poor*, World Bank and Open Society Institute, Washington, D.C.

Hulme, David and Paul Mosley (1996), *Finance against poverty (I)*, Routledge, New York. Chapter 3: Financial performance and sustainability.

Admission to the course

Students from other departments than Political Science are very welcome in the class. To follow the class, you need to fill in a form and submit it to Department of Political Science, University of Copenhagen before

January 15th 2008.

Together with the form, you need to submit **a statement from your university confirming that you can transfer the specific class and the number of credits to your own degree as well as a transcript of the courses you have taken previously**. By decision of the department, the class is open only to Master's students, except for students from anthropology and sociology.

For more information, please go to this website (in Danish):

<http://www.polsci.ku.dk/uddannelse/studievejledning/skemaer/nystuderende.htm>

Or download a folder and the form directly:

<http://www.polsci.ku.dk/uddannelse/studievejledning/pjecer/Pjece%20for%20meritstuderende%20oktober%202007.pdf>

<http://www.polsci.ku.dk/uddannelse/studievejledning/skemaer/Ansøgning%20om%20Meritkurser%20F08.pdf>

The class is in room 2.1.02 in Building D on the map below.

