



Georgetown Public Policy Institute, Georgetown University
PPOL-831-10 Introduction to Microfinance for Development
October–December 2009
Monday 10:10–12:10

Teacher: David Roodman, Center for Global Development, 1800 Massachusetts Ave. NW, droodman@cgdev.org
Office hours: By appointment

The course will explore the role of microfinance in economic development. It will discuss how poor people in poor countries use financial services such as credit and savings; the history and practice of delivering such services; what is known about their contribution to development; and how stories and statistical studies shape public perceptions of microfinance.

I. Course organization

The course carries 1.5 graduate credits. It will meet seven times between October 26 and December 7, each Monday 10:10am–12:10pm, in CBN 302A.

Students should complete assigned readings and viewings before class. In most cases, one student will be assigned in advance to present each source. I will inform you of assignments for the first class before the course starts.

Students are expected to actively participate in class discussions. Please ask questions, offer points of view, and share your own experience.

II. Evaluation

Students earn a grade based on the following:

- Class attendance and participation: 25% (inform me by email of unavoidable emergencies);
- One 12–15 page paper– 75%. First draft due December 4, final on December 14 by 5 pm. Students are welcome to show me initial ideas, outlines, and drafts for comment before the due dates.

III. Readings and other media

Students are expected to complete the prescribed readings before the class. Most of these readings can be downloaded for free from websites. Articles that are not available on websites will be posted on the electronic Black Board.

For the class, I have asked the book store to carry:

Daryl Collins *et al.*, *Portfolios of the Poor*

Thomas Dichter and Malcolm Harper, eds., *What's Wrong with Microfinance?*

IV. Course outline, with assigned readings and other media

Class 1. The Puzzle of Impact

- Yunus, *Banker to the Poor*, chapter 4. ow.ly/lxGG
- Hulme, "Is microdebt good for poor people? A note on the dark side of microfinance." In *Small Enterprise Development* (ow.ly/tCHJ) and in *What's Wrong with Microfinance?* (above)
- Charlotte's story, in Novogratz, *The Blue Sweater*. (Go to ow.ly/tDoc, click book cover to look inside, search for "Charlotte", then click on p. 182 in the search results. Read pp. 182–83.)
- French video documentary (in English) ow.ly/tDeF
- Opportunity International Ghana video youtube.com/?v=b8SLvsYxLIA
- To Our Credit (PBS documentary), 1st 6 minutes ow.ly/tDIY

Class 2. How People Manage Money

- Collins *et al.*, *Portfolios of the Poor*, chapters 1–4 and narratives in appendix 2
- Helms, *Access for All: Building Inclusive Financial Systems*, pp. 17–29 ow.ly/tDcS
- Shipton, “How Gambians save and what their strategies imply for international aid.” ow.ly/tDGu.
- Allen, “Finance begins savings, not loans.” In Dichter and Harper.
- Wright, “Necessity as the Mother of Invention: How Poor People Protect Themselves Against Risk.” ow.ly/tDOX (free with registration)

In addition, list the financial services you use (credit cards, bank accounts, etc.) and the main purpose(s) of each.

Class 3. History and variety of microfinance

- Draft chapters 3 & 4 of my book, blogs.cgdev.org/open_book
- Hollis & Sweetman, “Complementarity, Competition and Institutional Development: The Irish Loan Funds through Three Centuries.” ow.ly/tDWG
- Wakefield, 1801, “Extract from an Account of a Female Benefit Club, at Tottenham.” ow.ly/yYZ6
- Shuldham, 1834, *Remarks on the Small Loan-Fund System, Addressed to the Duke of Wellington*, pages 1–16. ow.ly/tEOK
- Gourlay, 1906, “Co-operative Credit in Bengal,” *Indian Journal of Agriculture*. ow.ly/tE21.
- UNCDF, Microfinance Distance Learning Course Work Book, Lesson 1.3 (Microlending methodologies). ow.ly/tE2M
- Matin, Sulaiman, & Saleque, “Imagining Microfinance More Boldly: Unleashing the True Potential of Microfinance.” In Dichter and Harper.
- Helms, *Access for All: Building Inclusive Financial Systems*, chapter 3. ow.ly/tE4n

Class 4. Microfinance as Business

- Jain & Moore, “What Makes Microcredit Programmes Effective? Fashionable Fallacies and Workable Realities.” ow.ly/tE9L
- Draft chapter 5 of my book, blogs.cgdev.org/open_book
- Rhyne, A New View of Finance Program Evaluation, in Otero and Rhyne, eds., *The New World of Microenterprise Finance*.
- Morduch, “Micro-insurance: the next revolution?” ow.ly/tEgh
- Optional: Guns, Germs, and Steel episode (PBS). ow.ly/tEgS

Class 5. Measuring Impacts on Poverty

- Littlefield, Morduch, and Hashemi, “Is Microfinance an Effective Strategy to Reach the Millennium Development Goals?” ow.ly/u00N
- Rossi, “The Iron Law of Evaluation and Other Metallic Rules,” *Social Problems and Public Policy* 4: 3–20.
- At least intro and conclusion of Roodman & Morduch, “The Impact of Microcredit on the Poor in Bangladesh: Revisiting the Evidence.” ow.ly/u05W
- Banerjee, Duflo, Glennerster, & Kinnan, “The miracle of microfinance? Evidence from a randomized evaluation” (skip section 3). ow.ly/u07K
- Todd, *Women at the Center*, chap. 3.
- Posts for May 29, June 18, July 3, July 21 at blogs.cgdev.org/open_book/tag/impacts

Class 6. Development as Freedom

- Sen, *Development as Freedom*, chapter 1. ow.ly/u2IV
- Hashemi, Schuler, and Riley, “Rural Credit Programs and Women’s Empowerment in Bangladesh.” ow.ly/u39a
- Todd, *Women at the Center*, chap. 8.
- Kabeer, “Conflicts over Credit: Re-Evaluating the Empowerment Potential of Loans to Women in Rural Bangladesh.” ow.ly/u2MR
- Rahman, “Micro-credit Initiatives for Equitable and Sustainable Development: Who Pays?” ow.ly/u2O5

Class 7. Student presentations on paper first drafts