

PRINCETON UNIVERSITY
WOODROW WILSON SCHOOL OF PUBLIC AND INTERNATIONAL AFFAIRS
FALL TERM 2009

**Promoting Access to Finance: The Role of Funders, Policy Makers, Banks and
Financial Service Providers**

Public Affairs 593f (half-term course)

Mondays: 1:30-4:20 p.m.

Visiting Lecturers: Jennifer Isern and Kate McKee

Course Description

Worldwide, only one in five people have access to a basic account in a formal financial institution including banks, credit unions, microfinance institutions (MFIs), or other providers of financial services. This course explores 1) why access to finance matters for poverty reduction and economic growth in developing countries and emerging markets and 2) the latest evidence and experience on how to promote access to finance.

Access to finance includes the full range of services relevant to low-income people and households including deposits, money transfers, remittances, various types of loans, and insurance. Financial service providers include formal financial institutions plus companies that are not financial institutions at all but are increasingly important providers of basic financial services, such as telecommunication companies providing mobile banking, post offices, and retail stores.

The course addresses the development challenges facing financial service providers, funders, and government policy makers seeking to expand access in sustainable ways. It will provide participants with an overview of the field, current controversies, and analytic frameworks and skills for assessing the roles of different stakeholders.

The course will be interactive and based on cases, student presentations and class discussions. Starting with a short overview of the history and key actors in microfinance, the course will then focus on clients and impact of microfinance, relevant financial services for diverse client groups, appraising an MFI, the role of donors and investors, and appropriate policy responses to regulate and supervise institutions and protect clients. An optional trip to Washington will be organized on 4 December 2009. Panels with industry experts will be organized on current issues/future trends and careers in development finance. By the end of the course, participants will have a solid understanding of the key players and issues in access to finance globally.

Course Requirements

Each student will be expected to participate in cases, discussions and other weekly class activities, write two policy memos, and prepare a class paper. Performance will be evaluated as follows:

- **Class participation: 25%**
As detailed below, activities will vary depending on the week, and students should prepare cases, course readings, or other assignments and be ready to discuss actively in class. In addition, students are encouraged to sign up for DevFinance and/or MicroFinance Practice, well-known listserves on microfinance, and read news articles and highlights on www.microfinancegateway.org
- **Policy memos: 15% each (30% total)**
The first policy memo will be due on 7 December and will summarize the recommendation for funding based on the case discussed on 30 November of an MFI appraisal. The second policy memo will be due on 21 December and will focus on a short policy case concerning the role of government in promoting access to finance. Each memo should be 1-2 pages maximum single-spaced with relevant analysis and recommendations.
- **Class paper: 45%**
The class paper should analyze an issue related to access to finance. Papers should be 12-15 maximum double-spaced pages and include introduction, relevant literature review, policy analysis, recommendations, conclusion, and references. Each student will provide a half-page proposal of paper topic by 23 November. Based on lecturer feedback, topics should be finalized by 7 December. Papers are due by 8 January.

The syllabus provides required and optional readings. For class paper research and tracking current events, a list of useful websites is provided at the end of this syllabus. To audit the class, after written approval from both lecturers, participants will do all class readings and prepare the two policy memos; the class paper is not required.

The lecturers will be available for discussion before and after classes on Mondays or by appointment by email or phone. Jennifer Isern can be contacted at jisern@worldbank.org until 10 September 2009 (starting 1 Oct at jisern@ifc.org or phone tbc in Delhi, India). Kate McKee can be contacted at kmckee@worldbank.org or 202.473.1255 in Washington, DC.

Course Sessions

9 November 2009: Jennifer Isern and Kate McKee

Week 1: History and Overview of Microfinance

Topics:

- Course overview: Introductions, expectations, logistics, and schedule
- Brief history and overview of informal finance and microfinance: Clients and products
- Levels of the financial system micro, meso, macro – and broad strategies to address gaps at each level

- Key players in access to finance: Financial service providers, support organizations and market infrastructure (e.g. credit bureaus), funders (includes both donors and investors), government (financial sector regulators, other policy makers and government entities)

Assignment:

Read articles listed below in required readings and begin thinking of class paper topics.

Required reading:

CGAP. Microfinance frequently asked questions. Download at:

<http://www.cgap.org/p/site/c/about/>

CGAP. 2004. Principles of microfinance. Download at:

<http://www.cgap.org/p/site/c/template.rc/1.9.2747>

Christen, R., Rosenberg, R. & Jayadeva, V. 2004. Financial institutions with a double bottom line: Implications for the future of microfinance. CGAP Focus Note 8.

Washington: The World Bank. Download at:

<http://www.cgap.org/p/site/c/template.rc/1.9.2701>

Helms, B., Littlefield, E. & Porteous, D. Financial inclusion 2015: Four scenarios for the future of microfinance. CGAP Focus Note 39. Washington: The World Bank.

Download at:

INAFI. 2007. Alternative principles of microfinance. Dakar, Senegal: INAFI.

Download at:

<http://www.inafiinternational.org/download/the%20alter%20princ%20of%20mic.pdf>

Optional reading:

CGAP. 2008. Hot topics in policy: Branchless banking. CGAP Portfolio Newsletter

February 2008, page 1. Download at: http://www.cgap.org/gm/document-1.9.3913/Portfolio_Feb2008.pdf

Daley-Harris, S. 2007. State of the Microcredit Summit Campaign report. Washington: The Microcredit Summit Campaign. Download at:

<http://www.microcreditsummit.org/pubs/reports/socr/EngSOCCR2007.pdf>

De Soto, H. 2000. *The mystery of capital: Why capitalism triumphs in the west and fails virtually everywhere else*. New York. Basic Books. Especially Chapters 1, 3 and conclusion.

Helms, B., Littlefield, E. & Porteous, D. 2007. Financial inclusion 2015: Four scenarios for the future of microfinance. CGAP Focus Note 39. Washington: The World Bank.

Helms, B. 2006. *Access for all*. Washington: The World Bank. Download at:

http://www.cgap.org/gm/document-1.9.2715/Book_AccessforAll.pdf

Helms, B. & Mosley, P. 1996. Financial sustainability, targeting the poorest and income impact: Are there trade-offs for microfinance institutions? CGAP Focus Note 5. Washington: The World Bank. Download at: <http://www.cgap.org/p/site/c/template.rc/1.9.2551>

Robinson, M. 2001. *The microfinance revolution*. Washington: The World Bank.

Rosenberg, Richard, Gonzalez, Adrian & Narain, Sushma. The New Moneylenders: Are the Poor Being Exploited by High Interest Rates? 2009. CGAP Occasional Paper 15. Washington: The World Bank. Download at:

Rutherford, S. 2001. *The poor and their money*. Oxford: Oxford University Press.

U.K. Department for International Development. 2004. The importance of financial sector development for growth and poverty reduction. London: DFID. Download at: <http://www.dfid.gov.uk/pubs/files/Finsecworkingpaper.pdf>

Yunus, M. Microcredit Summit speech, July 2008. Download from Microcredit Summit at: http://www.microcreditsummit.org/pdfs/All_Bali_Summit_stories.pdf

Yunus, M. 2007. *Creating a world without poverty: Social business and the future of capitalism*. New York: PublicAffairs Publishing.

16 November 2009: Kate McKee

Week 2: Clients and impact: The demand side of microfinance

Topics:

- The poor and their money – what do we know about how low-income people use financial services?
- Analyzing the global microfinance market – how big are different market segments? And how do specific client characteristics (gender, income, age, livelihood base, etc.) affect demand for and usage of financial services?
- Results to date: What's the evidence on the impact of access to finance for different microfinance market segments?

Assignment:

Read this week's required readings and scan DevFinance or Microfinance Practice listserve for any current controversies on microfinance clients and impacts – come to class prepared to make speed presentation on a topic if called upon.

Required reading:

Anand, Malika and Rosenberg, R 2008. Are we Overestimating Demand for Microloans? CGAP Brief. Washington: The World Bank. Download at: http://www.cgap.org/gm/document-1.9.2724/Brief_Overestimating_0408.pdf

Banerjee, A. & Duflo, E. 2006. The economic lives of the poor. *Journal of Economic Perspectives*, 21(1), 141-167. Download at: <http://econ-www.mit.edu/files/530>

Collins, D., Morduch, J, Rutherford, S and Ruthven, Orlanda. 2009. *Portfolios of the poor: How the world's poor live on \$2 a day*. Princeton, NJ: Princeton University Press. Chapter 1

Goldberg, N. 2005. Measuring the Impact of Microfinance: Taking Stock of What we Know: [executive summary] Washington. Grameen Foundation USA Publication Series. Download at: <http://www.grameenfoundation.org/pubdownload/dl.php>

Karlan, D. & Zinman, J. 2008, November 2. In defense of usury. *Wall Street Journal*. Download at: <http://research.yale.edu/karlan/deankarlan/downloads/WSJDefenseUsury.pdf>

Littlefield, E., Morduch, J. and Hashemi, S. 2003. Is Microfinance an Effective Strategy to Reach the Millennium Development Goals? CGAP Focus Note 34. Washington: The World Bank. Download at: http://www.microfinancegateway.org/files/3656_101.htm

Hand-out in class: Selected slides from Robert Christen presentations at Boulder Microfinance Training Institute

Optional reading:

Allen, H. 2002. *Microfinance for the rural poor that works*. Atlanta: CARE International.

Impact chapter in Armendáriz de Aghion, B. & Morduch, J. 2005. *The economics of microfinance*. Cambridge, MA: MIT Press.

Collins, D., Morduch, J, Rutherford, S and Ruthven, Orlanda. 2009. *Portfolios of the poor: How the world's poor live on \$2 a day*. Princeton, NJ: Princeton University Press.

Copetake, J. Greeley, M., Johnson, S., Kabeer, N. & Simanowitz, A, 2005. *Money with a mission (Volume I): Microfinance and poverty reduction*. London: ITDG Publishing.

Dichter, T. 2006, March 24. Hype and hope: The worrisome state of the microcredit movement. Microfinance Gateway Highlight. Download at: <http://microfinancegateway.com/content/article/detail/31747>

- Karlan, D. and Goldberg N. 2007. Impact evaluation for microfinance review of methodological issues. *Doing Impact Evaluation Number 7*. Washington: World Bank. Download at:
http://karlan.research.yale.edu/downloads/Doing_ie_series_07.pdf
- Khandker, S. 2003. Microfinance and poverty: Evidence using panel data from Bangladesh. Washington: World Bank. Download summary at:
<http://www.microfinancegateway.org/content/article/detail/3639>
- Mayoux, L. 2006. Women's empowerment through sustainable microfinance: Rethinking "best practice." Download at:
http://www.genfinance.info/Documents/Mayoux_Backgroundpaper.pdf
- McCarter, E. undated. Women and microfinance: Why we should do more. Download at:
http://www.seepnetwork.org/files/5759_file_WOMEN_AND_MICROFINANCE_McCarter.doc
- Prahalad, C. & Hammond, A. 2002. Serving the poor profitably. *Harvard Business Review*, September. Download at:
<http://www.grafitto.com/private/Harvard%20Business%20Review/Miscellaneous/Harvard%20Business%20Review%20-%20Serving%20the%20world's%20poor,%20profitability.pdf>
- Rutherford, S. 2001. *The poor and their money: An essay about financial services for poor people*. [Note: This has been assigned for previous sessions, but it will be useful to do a quick review before this class.] Manchester, UK. Institute for Development Policy and Management, University of Manchester. Download at:
<http://www.uncdf.org/mfdl/readings/PoorMoney.pdf>

23 November 2009: Kate McKee

Week 3: Clients and products: Designing appropriate products

Topics:

- The process of assessing client demand and designing/introducing new products or improving existing ones
- Which products? Credit vs. savings vs. payments/remittances vs. insurance
- Which delivery channels? The role of branchless banking in extending services to difficult-to-serve segments
- The importance and challenge of designing long-term savings products that work for the poor (and their financial institutions)
- Tailoring financial services to particular client segments or contexts (rural, youth, very poor households, conflict-affected)

Assignment:

Read this week's required readings and scan DevFinance or Microfinance Practice listserv re current controversies on products – come to class prepared to make speed presentation on a topic if called upon. Receive handout of MFI appraisal case that will be discussed at class on 30 November.

Required reading:

Cohen, Monique and Sebstad, Jennefer. Micro-Insurance Center Briefing Note #3:

Making Micro-Insurance Work for Clients. download at:

http://www.microfinanceopportunities.org/docs/Making_Microinsurance_Work_for_Clients.pdf (for more info re micro-insurance, see this link:

<http://www.microinsurancenetwork.org/>

Collins, D., Morduch, J, Rutherford, S and Ruthven, Orlanda. 2009. *Portfolios of the Poor: How the World's Poor Live on \$2 a Day*. Princeton, NJ: Princeton University Press. Chapter 1 + one chapter from among Chapters 2-6

Deshpande, R. 2007 Safe and accessible: Bringing poor savers into the formal financial system. CGAP Focus Note 37. <http://www.cgap.org/p/site/c/template.rc/1.9.2578>

Hashemi, S. and Rosenberg, R. 2006 Graduating the poorest into microfinance: Linking safety nets and financial services. CGAP Focus Note 34. Washington: The World Bank. Download at: <http://www.cgap.org/p/site/c/template.rc/1.9.2586>

Hirschland, M. 2005. *Savings services for the poor: An operational guide*. Sterling, VA. Kumarian Press. Chapter 1

Ivatury, G. and Mas, I. 2008. The early experience with branchless banking. CGAP Focus Note 46. Washington: The World Bank. Download at: <http://www.cgap.org/p/site/c/template.rc/1.9.2640>

Karlan, D. and Mullainathan, S. 2007. Is Microfinance too rigid? Download at: <http://karlan.research.yale.edu/downloads/RigidMicrofinance.pdf>

Optional reading:

Branch, B. & Klaehn, J. 2002. *Striking the balance in microfinance: A practical guide to mobilizing savings –Lessons from credit unions in Latin America*. Madison, WI: PACT Publications and World Council of Credit Unions.

CGAP. 2006 Good practice guidelines for funders of microfinance. Washington: The World Bank. Part V. Download at: <http://www.cgap.org/p/site/c/template.rc/1.9.2746>

Hirschland, M. 2005. *Savings services for the poor: An operational guide*. Sterling, VA. Kumarian Press

Isern, J., Donges, W., Smith, J. 2006. *Making money transfers work for microfinance institutions: A technical guide to developing and delivering money transfers*.

Washington: World Bank. Download at: <http://www.cgap.org/gm/document-1.9.3003/Technical%20Guide%20Money%20Transfers.pdf>

Karlan, D. with Valdiva, M. 2008. Teaching Entrepreneurship: Impact of Business Training on Microfinance Clients and Institutions, forthcoming in *Review of Economics and Statistics*. Download at: <http://karlan.research.yale.edu/downloads/TeachingEntrepreneurship.revision.final.pdf>

Mas, I. and Kumar, K. 2008 Banking on mobiles: Why, how, for whom? CGAP Focus Note 48. Washington: The World Bank. Download at: http://www.cgap.org/gm/document-1.9.4400/FocusNote_48.pdf

Parker, J. and Pearce, D. 2002. Microfinance, grants, and non-financial responses to poverty reduction: Where does microcredit fit? CGAP Focus Note 20. Washington: The World Bank. Download at: <http://www.cgap.org/p/site/c/template.rc/1.9.2565>

Parker, J. 2003 Microfinance and HIV-AIDS. CGAP Donor Brief. Washington: The World Bank. Download at: <http://www.cgap.org/p/site/c/template.rc/1.9.2398> [note - *- perhaps substitute Parker piece on conflict-affected environments*]

30 November 2009: Jennifer Isern
Week 4: Appraising an MFI

Topics:

- Appraising an MFI for funding
- Financial analysis and trends
- Social performance of MFIs

Assignment:

Read this week's required readings and scan DevFinance or Microfinance Practice listserves for current controversies in funding MFIs. Read the MFI appraisal case (handed out at previous class) and prepare analysis for discussion. The first policy memo will be due on 7 December and will summarize the recommendation for funding based on the case discussed at this class.

Required reading:

Hashemi, S., Foose, L. & Badawi, S. 2007. Beyond good intentions: Measuring the social performance of microfinance institutions. CGAP Focus Note 41. Washington, D.C.: The World Bank. Download at: <http://www.cgap.org/p/site/c/template.rc/1.9.2581>

Isern, J. 2009. Appraising an MFI: Case study. Case will be distributed in class on 23 November 2009.

[Skim] Isern, J., Abrams, J. & Brown, M. 2008. CGAP technical guide: Appraising an MFI. Washington: The World Bank. Download at: <http://www.cgap.org/p/site/c/template.rc/1.9.4394>

Social Performance Taskforce. 2009. Social performance management principles. SPTF. Download at: <http://www.sptf.info/page/social-performance-management>

Social Performance Taskforce. 2009. Social performance indicators. SPTF. Download at: <http://www.sptf.info/page/social-performance-indicators>

Optional reading:

Abrams, J. & Stauffenberg, D. 2007. Role reversal: Are public development institutions crowding out private investment in microfinance. Washington: MicroRate. Download at: <http://www.microfinancegateway.org/content/article/detail/38659>

Brody, A., Greeley, M. & Wright-Revollo, K. 2005. *Money with a mission (Volume II): Managing the social performance of microfinance*. London: ITDG Publishing

CERISE and IRAM. 2005. Handbook for the analysis of the governance of microfinance institutions. Paris, France: CERISE and IRAM. Download at: <http://www.iram-fr.org/frame2.htm>

Council of Microfinance Equity Funds. 2005. The practice of corporate governance in shareholder-owned microfinance institutions. Boston: Council of Microfinance Equity Funds. Download at: http://www.accion.org/micro_pubs_list.asp

Mainhart, A. 1999. Management information systems for microfinance: An evaluation framework. Bethesda, MD.: Development Alternatives, Inc. Download at: http://www.microfinancegateway.org/files/1928_file_01928.pdf

Microsave. 2005. Institutional and product risk analysis. Nairobi, Kenya: Microsave. Download at: <http://www.microfinancegateway.org/content/article/detail/22588>

MIX Market. 2009. Database of microfinance institutions. Washington: MIX Market. Download at: <http://mixmarket.org/en/demand/demand.quick.search.asp>

MIX Market. 2009. *Microbanking Bulletin 18, Spring 2009*. Washington: MIX Market. Download at: <http://www.themix.org/microbanking-bulletin/mbb-issue-18-spring-2009>

Peachey, S. 2007. MFIs and financial access: The double bottom line. In Barr, M., Kumar, A. & Litan, R. eds. *Building inclusive financial systems: A framework for financial access*. Washington: Brookings Institution Press.

Richardson, D. 2002. PEARLS monitoring system. World Council of Credit Unions Toolkit Series No. 4. Madison, WI: WOCCU. http://www.woccu.org/functions/view_document.php?id=Monograph

Rosenberg, R. Mwangi, P., Christen, R. & Nasr, M. 2003. Disclosure guidelines for financial reporting by microfinance institutions, 2d edition. Washington, D.C.: The World Bank. http://www.cgap.org/docs/Guideline_disclosure.pdf.

Saltzman, S., Rock, R. & Salinger, D. 1998. Performance and standards in microfinance: ACCION's experience with the CAMEL instrument. Washington, D.C.: ACCION.

Schneider-Moretto, L. 2005. *Tool for developing a financial risk management policy*. New York: Women's World Banking.

SEEP Financial Services Working Group 2007. *MFI internal audit toolkit*. Washington, DC: SEEP Network.

SEEP Network. 2006. Social performance management. Washington, D.C.: SEEP Network. Download at: <http://www.seepnetwork.org/content/article/detail/5121>

Standard and Poor's. 2007. Microfinance: Taking root in the global capital markets – Report of the microfinance rating methodology working group. New York: Standard and Poor's. Download at: <http://www2.standardandpoors.com/portal/site/sp/en/us/page.article/3.1.1.0.1148445218456.html>

See also MFI rating reports from a range of microfinance rating agencies: Apoyo & Asociados Internacionales, BRC Investor Services, Class & Asociados S.A., CRISIL, Equilibrium Clasificadora de Riesgo S.A., Ecuability, Feller Rate Clasificadora de Riesgo, Fitch Ratings, Global Credit Rating Company, JCR-VIS, Micro-Credit Ratings International Ltd (M-CRIL), Microfinanza Ltd., MicroRate, Pacific Credit Rating S.A.C. (PCR), Planet Rating, Standard & Poor's

**Optional: 4 December 2009: Jennifer Isern and Kate McKee
Panel Discussions in Washington**

Topics:

- Trends and hot topics in access to finance
- Careers in development finance

Optional Assignment:

Based on the course topics, your class paper, and your career interests, bring questions for the panels. This is an excellent chance to raise controversial issues and connect with key experts in the field.

**7 December 2009: Jennifer Isern
Week 5: Funding an MFI and Broader Aid Effectiveness in Access to Finance**

Topics:

- Designing funding for an MFI: Funding amount and instrument, performance indicators, contractual terms
- Funders: Bilateral and multilateral donors, investors, foundations, developing country national governments, and others
- Aid effectiveness guidelines
- Comparative advantages among funders

Assignment:

The first policy memo will be due on 7 December and will summarize the recommendations for funding based on the case discussed on 30 November. Read this week's required readings and microfinance listserves for class discussion. Based on proposals for class papers submitted on 23 November, finalize paper topic by 7 December with lecturers.

Required reading:

Abrams, J. & Stauffenberg, D. 2007. Role reversal: Are public development institutions crowding out private investment in microfinance. Washington: MicroRate.

Download at: <http://www.microfinancegateway.org/content/article/detail/38659>

Burand, Deborah. 2009. Microfinance Managers Consider Online Funding: Is it Finance, Marketing or Something Else Entirely? CGAP Focus Note 54. Washington: The World Bank. Download at: <http://www.cgap.org/p/site/c/template.rc/1.9.34243/>

[Skim] CGAP. 2006. Good practice guidelines for funders of microfinance.

Washington: The World Bank. Download at:

<http://www.cgap.org/p/site/c/template.rc/1.9.2746>

CGAP. 2006. Compact for better aid for microfinance. Paris, France: The World Bank.

Download at: http://www.cgap.org/gm/document-1.9.2152/BetterAid06_Compact.pdf

[Skim] DFID. 2004. The importance of financial sector development for growth and poverty reduction. London: DFID. Download at:

<http://www.dfid.gov.uk/pubs/files/Finsecworkingpaper.pdf>

Duflos, E. & Glisovic-Mezieres, J. 2008. National microfinance strategies. Washington :

The World Bank. Download at: <http://www.cgap.org/p/site/c/template.rc/1.9.4349>

Helms, B. 1997. Anatomy of a microfinance deal: The new approach to investing in microfinance institutions. CGAP Focus Note 9. Washington: The World Bank.

Download at: <http://www.cgap.org/p/site/c/template.rc/1.9.2554>

Reille, X. 2007. MIV benchmarking report 2007. Washington: The World Bank.

Download at: <http://www.cgap.org/gm/document-1.9.3142/MIV%20Benchmarking%20Report%202007.pdf>

Optional reading:

Center for Global Development. 2007. The millennium challenge account in Africa.

Washington: CGD. Download at:

<http://www.cgdev.org/content/opinion/detail/13957/>

Center for Global Development. 2007. Do we still need a World Bank? Washington:

CGD. Download at: <http://www.cgdev.org/content/opinion/detail/13961/>

CGAP. 2008. SmartAid 2007 pilot round results. Washington: The World Bank.

Download at: <http://www.cgap.org/p/site/c/template.rc/1.26.1425>

CGAP. 2004. Aid effectiveness initiative: Global lessons from donor peer reviews.

Washington: The World Bank. Download at: <http://www.cgap.org/gm/document-1.9.2235/hlm%20global%20results.pdf>

CGAP. 2002. Terms of reference for donor peer review. Washington: The World Bank.

Download at: [http://www.cgap.org/gm/document-](http://www.cgap.org/gm/document-1.9.2236/PeerReview_framework%20TOR.pdf)

[1.9.2236/PeerReview_framework%20TOR.pdf](http://www.cgap.org/gm/document-1.9.2236/PeerReview_framework%20TOR.pdf)

CGAP. Information on country-level effectiveness of aid reviews (CLEARS). See

website: <http://www.cgap.org/p/site/c/template.rc/1.26.1391>

Dichter, T. & Harper, M. 2007. *What's wrong with microfinance..* Warwickshire, UK:

Practical Action Publishing.

OECD Development Cooperation Directorate. 2008. Incentives for aid effectiveness in

donor agencies: Good practice and self-assessment tool. Paris: OECD. Download

at: <http://www.oecd.org/dataoecd/51/41/41177902.pdf>

OECD Development Cooperation Directorate. 2005. Paris declaration on aid

effectiveness. Paris: OECD. Download at:

<http://www.oecd.org/dataoecd/11/41/34428351.pdf>

United Nations. Millennium Development Goals website:

<http://www.un.org/millenniumgoals/>

World Bank. e-Discussion April 2005: The future of the aid industry. Washington: The World Bank. Download at:

<http://newsletters.worldbank.org/external/default/main?menuPK=723649&theSitePK=723639&pagePK=64133601&contentMDK=20594996&piPK=64129599>

14 December 2009: Jennifer Isern and Kate McKee

Week 6: The Roles of Government (Provision, Promotion and Protection) and Financial Infrastructure

Topics:

- What's the case for government intervention in financial markets? Balancing goals of financial sector policy making and regulation/supervision – system soundness and stability, efficiency, access, protection – synergies and trade-offs
- Three broad roles for government – protection, promotion and provision – and associated policy tools
- Government promotion and coordination of meso-level financial infrastructure
- Factors affecting which tools are right for which contexts (nature of financial gap, stage of market development, country policy and political orientation, implementation capacity, political economy)
- Current policy challenges – tiered regulation/supervision, branchless banking, rapidly expanding credit markets, market infrastructure and payments system, consumer protection, etc.
- Course summary

Assignment:

Read this week's required readings and microfinance listserves for class discussion. Begin planning for policy memo assignment due 21 December.

Required reading:

Centre for the Study of Financial Innovation. 2009. *Microfinance Banana Skins 2009: Confronting crisis and change*. London: CFSI. Download at:
<http://www.cgap.org/p/site/c/template.rc/1.9.35203/>

[skim] Christen, R., Lyman, T. and Rosenberg, R. 2003. *Guiding principles on regulation and supervision of microfinance*. Washington: The World Bank. Download at:
<http://www.cgap.org/p/site/c/template.rc/1.9.2787>

De Montesquiou, A., El-Zoghbi, M. & Latortue, A. 2008. Governments give credit. Washington: The Microfinance Gateway. Download at:
<http://www.microfinancegateway.org/content/article/detail/50629>

[forthcoming CGAP consumer protection Focus Note.]

[skim] Lyman, T. Pickens, M. & Porteous, D. Regulating transformational branchless banking: Mobile phones and other technology to increase access to finance. CGAP Focus Note 43 Washington: The World Bank. Download at:
<http://www.cgap.org/p/site/c/template.rc/1.9.2583>

CGAP. 2006. *Good practice guidelines for funders of microfinance*. Washington. The World Bank. Read part III. Download at:
<http://www.cgap.org/p/site/c/template.rc/1.9.2746>

Optional reading:

De la Torre, A. Gozzi, J. & Schmukler, S. 2007. *Innovative experiences in access to finance : market friendly roles for the visible hand?* Washington: The World Bank.
Download at :

http://econ.worldbank.org/external/default/main?pagePK=64165259&piPK=64165421&theSitePK=469372&menuPK=64216926&entityID=000158349_20070817134420

Duflos, E. & Glisovic-Mezieres, J. 2008. National microfinance strategies. Washington : The World Bank. Download at: <http://www.cgap.org/p/site/c/template.rc/1.9.4349>

Littlefield, E. & Kneiding, C. 2009. The global financial crisis and its impacts on microfinance. CGAP Focus Note 52. Washington: The World Bank. Download at: <http://www.cgap.org/p/site/c/template.rc/1.1.130>

Waterfield, C. 2009. See website <http://mftransparency.org/>

8 January 2010: Class papers due by email to lecturers by midnight.

Useful websites for this class:

- Microfinancegateway.org (also see individual resource centers)
- CGAP.org
- Center for Financial Inclusion
<http://www.centerforfinancialinclusion.org/Page.aspx?pid=1281>
- MIXmarket.org
- Microlinks.org
- Microsave.org
- Microcreditsummit.org
- SEEPnetwork.org (also see organizations that are members of SEEP including international, regional and national microfinance networks)
- Financialaccess.org
- Insurance resource center
http://www.microfinancegateway.org/resource_centers/insurance
- Gender and finance discussion group
<http://finance.groups.yahoo.com/group/genfinance/>
- List of other discussion groups and blogs on microfinance:
http://www.microfinancegateway.org/section/discussion_groups/