

Florida International University (FIU)
Department of Economics
ECO 4932: Topics in Theory (Development Finance)

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Office Hours: Mon/Wed 4.00-5.00pm

Office Hours Booking: By appointment only

Teaching Assistant: Tatsiana Akulich

Tutor's Email: takulich@fiu.edu

Tutoring Location: VH-136 Tutoring Hours: Tuesday: 8:30 - 9:30 am and 3:30 - 5:00 pm. Thursday 11:30 - 12

Regular Class location: GC 279A

Regular Class Schedule: 6.25- 7.40pm (Mon/Wed)

Course Description

This course aims at developing a better understanding of the role of finance for economic development. In doing so, this course will take both micro and macro aspects of development financing by combining theoretical, empirical, and case-study based analysis to deepen the understanding. The course is divided into two distinct parts. The first part of the course focuses on the micro aspect of development financing. In this part, topics of financial inclusion, credit market rationing, market imperfections, and the emergence of micro-credit and its impact will be studied. Then we will continue evaluating recent models of micro-insurance, financing for Small and Medium Enterprises (SMEs) as well as Micro-enterprises, and inclusive growth based capital transfer programs for a better understanding of the development finance from the bottom-up approach. During the second half of the lecture, we will focus on the macro aspects (top-down approach) of development finance by examining the theory supported by the evidence to explore

the interlink between finance and growth. Then the course continues examining various external and internal financing strategies used by the government and the impact of such policies on development.

Required Materials (Text Book)

Todaro, Michael P. and Stephen C. Smith (2015), *Economic Development*, 12th Edition, Addison Wesley

Complementary Materials

- Banerjee and Duflo (2012), *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*, Public Affairs books, New York.
- Ray, D (1998), *Development Economics*, Princeton University Press
- Basu, K (1997), *Analytical Development Economics*, MIT Press
- Sen, Amartya (2000), *Development as Freedom*, New York: Anchor Books.
- Banerjee et. al. ed. (2006), *Understanding Poverty*, Oxford University Press.

Prerequisites

Students should have passed ECO3101 (Intermediate Microeconomics), and should have the knowledge of basic calculus and algebra. The content is designed as an advanced (400-level) undergraduate course that provides a bridge to graduate school level of instruction. This course makes moderate use of mathematical tools, statistics, econometrics going beyond the level of formalization in ECO3101. The student should, therefore, be comfortable with quantitative reasoning.

Course Objectives: Pedagogical Learning

Successful students should spend at least 5-7 hours each week on the following items

- Will understand the core concepts of Development Economics
- Will have a general overview of the global Development Issues
- Will read 12-14 global case studies.
- Will have the opportunity to do a oral present in the classroom and complete a critical review paper in the mid-term.

Assessments

Short Quiz

There will be four short quizzes (equally weighted) to check the progress of your understanding of the lecture materials. These are scheduled quizzes which will be taken during the time of the class. We will take a total of 4 quizzes — all of which will be credited for the final grade of the course. The topics of the short quizzes would be the reading materials, lecture notes and the case-study. The material covered in the quizzes will necessarily build upon previous class lectures. I will also assign practice questions (taken from the end of chapter questions in the textbook for example) to which solutions will be provided. However, the practice questions are not to be handed in, nor will they be graded. It is your own responsibility to keep up with the course material.

Presentation and Essay submission

Each student should form a group (ideally two/three students should form a group) and select one case study, from the list of case studies given in this syllabus, to be presented in the class. Groups should prepare their own presentation with additional materials and information along with the text provided in the syllabus.

Please sign-up is this following google sign-up sheet during the first two weeks to pick your case-study. Note: Students who do not sign-up by Wednesday, August 31st will automatically be added to one.

Case-study Sign-up Sheet

Keep the presentation strictly limited to 10 minutes. In the presentation, first discuss the key issues of the case-study (kind of abstract/synopsis of the overall case that will be discussed.) Spent 1-2 minutes on it. Then spend 2-3 minutes on the background and key issues related to the case. Then spend another 2-3 minutes on the solutions for the case-issue discussed and then conclude the presentation with broader policy suggestions. The performance of the presentation depends on Subject Knowledge (20%), Organization (20%), Connection to Audience (20%), Delivery (20%) and Technology (20%).

Your group also need to submit a two-page summary (singled spaced, times new Roman font size 12) of your group presentation — worth 5% marks. The presentation is due by the end of the presenting week (that is all presentation are due by Monday, while this 5-page summary is due by Friday). Please send the 5-page summary to the TA. The summary should including the following:

- Introduction to the problem statement;
- Background;
- Key takeaway points from this case-study;

- Your policy suggestions;
- Reference/Bibliography.

The grading of summary will depend on Content and Development (25%), Organization (20%), Language (20%) and Writing (20%).

Mid-term and Final Exam

The Mid-term is a take-home exam where you need to write a research essay for the topics covered in the first half of the course. I will provide more details on it in due course.

The final exam will be an open-book exam that will test your knowledge and critical thinking. These questions are broadly in the category of problem-solving, deriving a theory with a graph or critique to policy suggestions with coherent arguments. Please note that these two exams will be equally weighted. We will be utilizing Canvas System for these two exams.

Grading

Your final grade will be determined by four in-class quizzes, class presentation, submission of the case-study report, class participation, mid-term and a final exam. The distribution of the total grade is the following:

- Active class participation (5%)
- Case-Study presentation (10%)
- Case-study report (5%)
- 4 quizzes, equally weighted (40%)
- Mid-term Exam (20%)
- Final Exam (20%)
- BONUS: Regular Class Attendance /lab participation (5%)

Individual letter grades on each assessment will not be given. At the end of the semester, grades will be curved based on your total score.

Course Policies

During Class

Phones are strictly prohibited as they are rarely useful for anything in the course. Eating and drinking are allowed in class but please refrain from it affecting the course (keep your microphone on mute). Try not to eat your dinner in the class as the classes are typically active.

Attendance Policy

Attendance is strongly expected and highly recommended in all lecture and tutoring sessions. Valid excuses for absence will be accepted before class. In extenuating circumstances, valid excuses with proof will be accepted after class.

Our lecture theater is scheduled to teach in a general classroom supporting FIU Check-In, the university's electronic attendance solution, during Fall 2022. FIU Check-In captures classroom attendance by having students quickly scan a QR code conveniently located in the classroom before class starts. With minimal involvement needed by the instructor, classes can start right away without the need for manual attendance to be taken. FIU Check-In is automatically available in your Canvas course. To start viewing the attendance data, you will need to enable FIU Check-In in the navigation area within Canvas.

Getting started with FIU Check-In is easy:

- Download the free FIU Check-In app from Google play or App Store for iOS
- When you enter the classroom, mark yourself present by scanning the QR code.

Policies on Incomplete Grades and Late Assignments

If an extended deadline is not authorized by the instructor or department, an unfinished incomplete grade will automatically change to an F after either (a) the end of the next regular semester in which the student is enrolled (not including summer sessions), or (b) the end of 12 months if the student is not enrolled, whichever is shorter. Incompletes that change to F will count as an attempted course on transcripts. The burden of fulfilling an incomplete grade is the responsibility of the student. The university policy on incomplete grades is located at <http://policies.ncsu.edu/regulation/reg-02-50-3>.

Late assignments will be accepted for no penalty if a valid excuse is communicated to the instructor before the deadline. After the deadline, assignments will be accepted for a 50% deduction to the score up to 2 days after the deadline. After this any assignments handed in will be given 0.

Academic Integrity and Honesty

It is imperative that students become aware of FIU definitions of and policies toward academic misconduct. These policies may be found on the FIU web-site at Academic Misconduct and Code of Academic Integrity (<http://www2.fiu.edu/oabp/misconductweb/1acmisconductproc.htm>).

Accommodations for Disabilities

In case of any specific physical, psychiatric or learning disabilities that require accommodations (such as a note taker or special testing arrangements), a notification should be made in private and early in the semester so that such learning needs can be appropriately addressed. A valid documentation of disability from the Disability Resource Center(DRC) [GC 190, (305)348-3532] is needed. I cannot make any accommodations without a written statement from the DRC.

Discrimination and harassment of any person based on race, color, religion, creed, sex, national origin, age, disability, veteran status, or sexual orientation is a violation of state and federal

law and/or Florida International University policy and will not be tolerated. Retaliation against any person who complains about discrimination is also prohibited.

Schedule and weekly learning goals

The schedule is tentative and subject to change. The learning goals below should be viewed as the key concepts you should grasp after each week, and also as a study guide before each exam, and at the end of the semester.

Week 01, 08/22 - 08/26: Micro-approach: Population without financing Opportunities

Week 02, 08/29 - 09/02: Credit Market Imperfection and Credit Rationing.

Week 03, 09/05 - 09/09: Savings, remittances and Consumption Smoothing

- Case Study 1: The Financial Lives of the Poor
- Case Study 2: Trends in the Distribution of Social Safety Net Support After the Great Recession

Week 04, 09/12 - 09/16: Credit for poor and un-bankable population

- Case Study 3: The Financial Diaries of RMG workers in Bangladesh
- **Quiz 1**

Week 05, 09/19 - 09/23: Micro-credit and Beyond

- Case Study 4: The success of Grameen, a pioneer of Micro-credit in Bangladesh
- Case Study 5: ROSCA, an indigenous savings scheme.

Week 06, 09/26 - 09/30: Insurance for the poor population

- Case Study 6: m-PESA, mobile money revolution in Kenya.
- Case Study 7: Equity Sharing model in Development: Myth or reality?

Week 07, 10/03 - 10/07: Financing for SME and Micro-enterprises

- Case Study 8: Spandana, a story of micro-insurance in India
- Case Study 9: Innovating financing for the poor: green-credit for sanitation, clean energy and safe-water.

Week 08, 10/10 - 10/14: Big-push, Asset transfer and Poverty trap

- Case Study 10: ILIB, Index based Livestock Insurance in Africa.
- Case Study 11: The development success story of Taiwan

Week 09, 10/17 - 10/21:

- **Mid-term Exam, no class**

Week 10, 10/24 - 10/28: Finance, Economic Growth and Development

- Case study 12: Trade, Capital Flows and Development Strategy: South Korea

Week 11, 10/31 - 11/04: Finance, Economic Growth and Development

- Case Study 13: Global Partnership for Development
- Case Study 14: Development Impact Bond.

Week 12, 11/07 - 11/11: Deficit Financing, Taxation, and Sovereign Debt management

- Case Study 15: Crisis in Venezuela
- Case Study 16: Hyper-inflation in Zimbabwe
- **Quiz 3**

Week 13, 11/14 - 11/18: Financial Aid, Poor Institution and Development

- Case Study 17: G-20 guideline for sustainable financing

Week 14, 11/21 - 11/25: Foreign Direct Investment and MNC

- Case Study 18: Armed Conflict and FDI

Week 15, 11/28 - 12/02: Foreign remittance and National reserve

- Case Study 19: The promise of Impact investment
- **Quiz 4**

Week 16, 12/05 - 12/09: **Final Exam**

- December 5th-9th (online exam)

Freedom To Teach – Freedom To Learn

Academic freedom and responsibility are essential to the integrity of the University. The principles of academic freedom are integral to the conception of the University as a community of scholars engaged in the pursuit of truth and the communication of knowledge in an atmosphere of tolerance and freedom. The University serves the common good through teaching, research, scholarship/creative activities, and service. The fulfillment of these functions rests upon the preservation of the intellectual freedoms of teaching, expression, research, and debate. The University and UFF affirm that academic freedom is a right protected by this Agreement in addition to a faculty member's constitutionally protected freedom of expression and is fundamental to the faculty member's responsibility to seek and to state truth as he/she sees it.