



ENVI-Y-001

Module “Introduction to rural development”

Course: Introduction to rural development

1st semester EMP 2020-21

Module manager: Prof. Johan BASTIAENSEN

Planning

Part 1: Prof. Ranjula BALI SWAIN

Part 2: Prof. Johan BASTIAENSEN & Frédéric HUYBRECHS

Date	Time	Lecturer	Guest speaker	Place
21/10/2020 or 30/10/2020	6 pm – 9 pm	Dr. F. Huybrechs	SOS Faim (D. Morel)	R42.4.110
22/10/2020	6 pm – 9 pm	Prof. R. Bali Swain		R42.4.110
23/10/2020	6 pm – 9 pm	Prof. R. Bali Swain		R42.4.110
24/10/2020	9 am – 12 pm	Prof. R. Bali Swain		R42.4.110
25/11/2020	6 pm – 9 pm	Prof. J. Bastiaensen		R42.4.110
26/11/2020	6 pm – 9 pm	Prof. J. Bastiaensen		R42.4.110
28/11/2020	9 am – 12 pm	Prof. P. Van Damme		R42.4.110
01/12/2020	6 pm – 9 pm	Prof. J. Bastiaensen	Dr. F. Huybrechs	R42.4.110
02/12/2020	6 pm – 9 pm	Prof. J. Bastiaensen	Dr. F. Huybrechs	R42.4.110
03/12/2020	6 pm – 9 pm	Prof. J. Bastiaensen	Dr. F. Huybrechs	R42.4.110

Part 1: Prof. Ranjula BALI SWAIN

Objectives of the course

The objective of this course is to introduce, discuss and frame aspects of rural livelihoods and to relate these with socio-economic inequalities and the usage of financial services.

We start with presenting rural development in the theoretical debate on economic development. Then we discuss issues of rural livelihoods. Next we present the specificity of past and new models to rural and agricultural financing. We finally highlight several experiences from South Asia in providing financial services to rural poor and to small-scale farmers.

Four sets of key questions will be debated: (1) Why are rural areas different from urban areas in terms of potential clientele for a microfinance institution? (2) How does poverty and inequalities relate to risk and finance? (3) Why are farmers a difficult group to reach for a microfinance institution? 4) Why is it instrumental to take into account the local social and political framing of financial services?

Topics covered and recommended readings

1) Introduction to rural development

- Rural and agricultural development in the development agenda
- Rural livelihoods and socio-economic inequalities
- Some characteristics of small-scale farming activities
- Diversity of financial needs among the rural poor

2) Past and new approaches to rural finance

- Public policies and agricultural development banks
- The building of financial markets in rural areas within the broader context of socio-economic inequalities

3) Self Help Groups Bank Linkage Program in India

- Constraints faced by (micro)finance to reach-out rural areas (incl. agriculture finance)
- Impact of Self Help Group (SHG) Bank Linkage Program in India on poverty and vulnerability
- SHG program and women empowerment

References:

- Chapters 1 & 2 from Rural Poverty Report (2011) IFAD, Rome.
- Chapter 3 from the World Development Report (2008) Agriculture for Development, 2007, The World Bank, Washington, D.C.

- Kay, C. (2009), “Development Strategies and Rural Development: Exploring Synergies. Eradicating Poverty,” *Journal of Peasant Studies* 36(1): 103-137, <http://dx.doi.org/10.1080/03066150902820339>
- Bali Swain, R. and A. Varghese (2009), Does Self Help Group Participation Lead to Asset Creation?, *World Development* 37(10): 1674-1682.
- Bali Swain, R. and M. Floro (2012), Assessing the Effect of Microfinance on Vulnerability and Poverty among Low Income Households, *Journal of Development Studies* 48 (5): 605-618.
- Bali Swain, R. (2010), Impacting Women Through Financial Services: The Self Help Group Bank Linkage Programme in India and its Effects on Women’s Empowerment, in *International Handbook of Gender and Poverty*, (Editor Chant, S.), Edward Elgar, 2010.
- Bali Swain, R. and F.Y. Wallentin (2009), Does Microfinance Empower Women? *International Review of Applied Economics* 23(5): 541-556.

Part 2: Prof. Johan BASTIAENSEN/ Dr. Frédéric HUYBRECHS

Transformative microfinance for inclusive and sustainable rural/agricultural development.

Objectives of the course

The objective of this course is to introduce and analyze the difficulties and opportunities for rural and agricultural (micro)finance. The course discusses specificities of rural areas, and agriculture in particular, in terms of the potential and challenges for financial services. Microfinance is presented and analyzed in light of its interaction with broader socio-institutional processes of rural development, allowing us to discuss and reflect on its potential transformative role to promote a more socially inclusive and environmentally sustainable rural development. We will conceptualize microfinance and ‘microfinance plus’ as an inevitably embedded and path-dependent instrument of socio-institutional transformation. These ideas will be illustrated with successful and unsuccessful cases of ‘micro-finance plus’ interventions aimed at transforming agricultural production, value chains (meat) and/or landscape dynamics towards social inclusion, environmental sustainability/climate change adaptation in rural Nicaragua.

Topics covered and compulsory (!) readings

- 1) **Understanding ‘MF for rural/agricultural development’ in local institutional context (Johan Bastiaensen)**
 - Making rural microfinance work: transaction costs and social embeddedness
 - Exploring the challenges of rural microcredit for agriculture at the level of supply and demand
 - Sustaining ‘credit culture’ and how to survive repayment crises?

2) **A transformative role for microfinance in rural development ? (Johan Bastiaensen)**

- Reconceptualizing the creation, maintenance and impact of microfinance (plus) as a contribution to broader socio-institutional transformation of dominant rural pathways – going beyond microfinance narcissism: microfinance (plus) as inevitably articulated within broader governmental assemblages of **culture/ideas** (*preferred subjectivities, (gendered) ideas of a good life, ‘moral landscapes’, ...*), **rules and norms** (*gender roles and practices, property rights, market regulation, inherited governance practices,...*) and **actor networks** (*value chains, community organizations, cooperatives, ...*).
- Ideas about value chains, territories and transformative microfinance.

3) **Microfinance and (environmental) sustainability – microfinance as an intervention in social-ecological systems (Frédéric Huybrechs)**

- Drawing lessons from debates on social performance/impact and environmental governance in terms of reaching the social and environmental bottom line.
- Building further on the introduction to green microfinance, we point to the social and political dimensions of dealing with environmental concerns.
- Expanding and unpacking the Green Index in light of recognizing multiple sustainabilities in different contexts. This is guided by the presentation of short, illustrative cases of microfinance’s interaction with social-ecological dynamics.

4) **Microfinance for sustainable rural development– cases (Frédéric Huybrechs)**

- *Extensive case:* Financial and non-financial services for the transformation of rural territorial pathways in the context of climate change (illustration of approach & examples from practice in coffee and cattle regions of Nicaragua)
- Example of ongoing project “TRansforming Unsustainable PATHways in agricultural frontiers”
- A closing section explores how a perspective of complex socio-institutional interactions also opens up spaces for discussing other innovations in financial inclusion.

5) **Guest speaker, Dominique Morel – SOS Faim**

- Relevance of family farming financing
- Constraints faced by (micro)finance to reach-out rural areas (incl. agriculture finance)
- Microfinance seen from farmers’ side: farmers’ associations strategies to access finance

References:

- Bastiaensen, J. and B. D'Exelle (2002), "To Pay or Not to Pay? Local Institutional Differences and the Viability of Rural Credit in Nicaragua," *Journal of Microfinance* 4(2): 31-55.
- Bastiaensen, J., M. Romero, and F. Huybrechs (2019), "Addressing climate change with Microfinance Plus: experiences in cattle and coffee regions of Nicaragua," in O'Connor, M. and J. Silva Afonso (eds.) *Emerging Challenges and Innovations in Microfinance and Financial Inclusion*, Cham: Palgrave Macmillan, 13-37.
- Bastiaensen, J. and P. Marchetti (2011), "Rural microfinance and agricultural value chains: strategies and perspectives of the Fondo de desarrollo local in Nicaragua," in Armendáriz B. and M. Labie (eds.) *Handbook of microfinance*, Singapore: World Scientific, 461-500.
- Huybrechs, F., J. Bastiaensen and G. Van Hecken (2019) "Exploring the potential contribution of green microfinance in transformations to sustainability", *Current Opinion in Environmental Sustainability*, 41: 85-92.
- Johnson, S. (2013), "From Microfinance to Inclusive Financial Markets: The Challenge of Social Regulation," *Oxford Development Studies* 41: S35-S52.

Recommended readings

- Allet, M. (2011), "Measuring the environmental performance of microfinance," Working papers CEB 11/045, Université Libre de Bruxelles.
- Bastiaensen, J., F. Huybrechs, D. Forcella and G. Van Hecken (2015), "Microfinance plus for ecosystem services: a territorial perspective on Proyecto CAMBio in Nicaragua," *Enterprise development and microfinance* 26(3): 292-306.
- Bastiaensen, J., P. Marchetti, R. Mendoza, F. Pérez (2013), "After the Nicaraguan Non-Payment Crisis: Alternatives to Microfinance Narcissism," *Development and Change* 44(4): 861-885.
- Bédécarrats, F., I. Guérin and F. Roubaud (2017), "All that Glitters is not Gold. The Political Economy of Randomized Evaluations in Development," *Development and Change* 50(3): 735.
- Huybrechs, F. (2018), "A Political Ecology approach to Green Microfinance - Development Pathways and Avenues for Transformative Microfinance for Rural Development," PhD in Development Studies, University of Antwerp, Antwerp.
- Johnson, S. and J. Boulton (2014), "Impact Assessment of Financial Market Development Through the Lens of Complexity Theory," *Financial Sector Deepening Kenya*.
- Morvant-Roux, S., I. Guerin, M. Roesch and J.Y. Moisseron (2014), "Adding Value to Randomization with Qualitative Analysis: The Case of Microcredit in Rural Morocco," *World Development* 56: 302-312.
- Ramprasad, V. (2018), "Debt and vulnerability: indebtedness, institutions and smallholder agriculture in South India," *The Journal of Peasant Studies*: 1-22.
- Taylor, M. (2013), "Liquid Debts: credit, groundwater and the social ecology of agrarian distress in Andhra Pradesh, India," *Third World Quarterly* 34(4): 691-709.

Evaluation

Written assignments:

- A) One for Prof. R. Bali Swain's part
- B) One for Prof. J. Bastiaensen's part

Two marks A (Prof. Bali Swain) and B (Prof. Bastiaensen) must set the final mark C of the module.

- if A and B are greater than or equal to 8/20, then $C = (A + B)/2$
- if $A < 8/20$ or $B < 8/20$, then $C = \min(A, B)$.