# Microeconomics of Development

**Teacher(s):** Gaspart Frédéric

**Language:** Anglais

**Place of the course:** Louvain-la-Neuve

**Inline resources:** Icampus

**Prerequisites:** Basic optimization, micro-economics, introduction to game theory, basic statistics (notion of random variable)

**Main themes:**
This course offers an introduction to selected topics in development economics. The aim is to analyze the major constraints impeding the economic development of rural areas in developing countries, namely a lack of access to credit, poor educational attainments, difficult access to land, water and technology.

**Aims:**

- Contribution de l'activité au référentiel AA (AA du programme)
  1.1-1.5, 2.1-2.5 game theory, micro-economics
  3.2-3.3 matching real situations with archetypal problems
  3.4 solving mathematical models (game theory)
  3.6-3.8 interpreting the results of abstract models
  4.1-4.2 identifying typical problems in complex situations
  4.4-4.7 drawing lessons from abstract models for complex, real situations
  7.1-7.5 development policy in a context of poverty and inequality

- Formulation spécifique pour cette activité des AA du programme

At the end of the course, students will be able:
- to understand some important constraints impeding economic development in rural areas.
- to highlight contextual and institutional elements that potentially lead to credit market imperfections, poor educational attainments, difficult access to land, water and technology.
- to explain the intuitions behind the economic models explored during the lectures and show his/her understanding of the related technical material;
- to show critical reasoning abilities in general.

The contribution of this Teaching Unit to the development and command of the skills and learning outcomes of the programme(s) can be accessed at the end of this sheet, in the section entitled "Programmes/courses offering this Teaching Unit".

**Evaluation methods:**
Written exams, mainly exercises for both parts

**Teaching methods:**
Classes

**Content:**
First Part: Access to Credit
Rural households' lack of access to credit is a major determinant of poverty. The first chapter provides an explanation of why credit is so scarce and financial markets fail to reach poor households. In the second chapter, some principles of microfinance are analyzed, mainly the mechanism of joint liability. Besides, the functioning of informal savings such as "ROSCAS (Rotating Credit and Savings Associations)" or "tontines" is briefly explored.

Second part: Education
In a third chapter, some determinants of child labor and educational attainment are examined in connection with access to credit. Finally, the fourth chapter tackles the topic of the link between education and international migration and questions the phenomenon of the "brain drain".

**Bibliography:**
Scientific articles will be available for readings, which are aimed at allowing a deep understanding of the course but those readings are not compulsory.

**Other infos:**
Before starting the course, the students are expected to be familiar with the basic concepts of statistics, such as a random variable, and of microeconomics, such as a utility function. In terms of mathematics, derivatives and simple optimization techniques are used. Scientific articles will be available for readings, which are aimed at allowing a deep understanding of the course but those readings are not compulsory.

**Faculty or entity in charge:** AGRO
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