

Masters Course Syllabus

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Rural markets in developing countries – Supply of and demand for technologies, services, and ideas

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Course description

Around the globe, buyers and sellers exchange products – goods, services, and ideas. In economic theory, this happens most efficiently on markets, which are supposed to coordinate transactions and allocate resources within societies. In developing economies of the Global South, markets often perform poorly. As a result, especially in rural areas people do not use and exchange technologies, services, and ideas as much as policy wants them to. Producers in rural areas invest little, have a low productivity, and face unequal access to resources. Consumers, at the same time, face high prices and poor access to products, and lack means and information to make an informed purchase decision. Altogether, this makes buying and selling “costly, cumbersome, time-consuming and unpredictable”¹, eventually hindering economic development and poverty reduction.

The impacts of so-called market failures are particularly severe when they slow down the spread of desirable products, such as health care, fertilizer for agriculture, media access, modern energy, or sanitation. The sources of market failures are rooted both in the supply side (i.e. producers and vendors) and the demand side (i.e. rural households).

This seminar discusses the empirical evidence on the sources of market failures in developing countries, and on policies that try to remove them. Looking both at the demand and supply side of rural markets, we discuss: Can policy efforts increase households’ adoption of desirable products, among others, by improving households’ liquidity, access to credit and information, or by changing their preferences? How can policy affect availability, prices, and quality of products in rural areas? What are the roles of infrastructure, credit access, information, training and market power?

The course will be based on seminal publications in the literature of development economics. In addition, you will apply and deepen your understanding of evaluation methodologies and learn how to critically assess the applied research methods.

The course language (including presentation and term paper) will be English. Basic knowledge in econometrics, evaluation methodologies (e.g. RCTs vs. Difference in Differences), and development economics is a prerequisite to participate in this course.

¹ Fafchamps, M. (2003). Market institutions in sub-Saharan Africa: Theory and evidence. MIT press.

Organization and Assessment

The seminar will take place as a block seminar on **December 12-14** (rooms and schedule t.b.c.). Topics will be assigned in **mid-September**. An introductory online Q&A session will be held **in early/mid-October (as a webinar)**. The final paper is due on **December 09**.

The course grade will be based on a portfolio exam. This exam includes a term paper (50%) and its presentation in the December block (25%). Moreover, each participant will be assigned one paper of another participant for a 5 minutes post-presentation discussion in the seminar (10%). The aim of the seminar is to encourage engaged discussions and hence oral participation will enter the grade as well (15%).

The course will give 7 ECTS.