

# Book Review

*Defying the Odds:  
Bunking for the Poor,*  
by Eugene Versluysen

by Shad Morris

Books written about the microfinance industry tend to focus disproportionately on its technical or social aspects. One reads over and over about the importance of sustainability and reaching the truly poor, but the position microfinance takes in the context of a dynamic world economy is often overlooked. Microfinance does not exist in a vacuum. The political and structural reforms undertaken by many of the developing countries not only affect the informal economy, but also affect the manner in which microfinance is administered.

In a world of financial deregulation and trade liberalization, *Defying the Odds* is long overdue. Author, and former World Bank economist, Eugene Versluysen offers a big-picture analysis of microfinance throughout the developing economies, using case studies of classical microfinance programs and a systemic analysis of these various organizations. *Defying the Odds* is a perceptive analysis of macroeconomic policies' effects on the informal sector. It appeals to the policy analyst and maker while providing students, academics,

and practitioners a broad-scope understanding of the importance of accounting for economic and political context in microfinance.

Versluysen builds his book on four main objectives. The first sets the conditions of macroeconomic policy as the key actor in microenterprise development. The second is to prove how microenterprise is used as a tool to fight marginalization caused by modernization-policy reform. The third is the importance of savings with credit. And the fourth shows the shortcomings and successes of various microfinance programs through case studies.

Despite heavy reliance on World Bank sources, Versluysen is able to offer a critical analysis of the structural reforms in developing economies. He concludes that while many of these reform measures may help to stabilize an economy, most are misguided and therefore marginalize the poor.

Understanding how people on the edge of an economy are marginalized helps lead into the second objective of how banking for the poor can stave off some of the effects of economic reform. Microlending not only provides financial opportunity, but also provides self-reliance, confidence, and empowerment.

While credit and debt are integral aspects of microfinance, the principle of savings should be key to its goals. Versluysen's third objective is to prove that savings should be the primary focus of borrowers. It is savings that allows a family to pay for children's education, insurance, or medical emergencies.

Versluysen's fourth objective, though broad in scope, looks at the leading microfinance programs in three of the world's poorest areas: Asia, Latin America, and West Africa. The analysis of the programs lack technical and in-depth focus; however, covering the geo-

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graphic, economic, social, and cultural environment in which these programs operate offers a unique view that most microfinance analyses do not cover. Versluysen's analysis steps back 'and looks not only at the picture, but the frame as well. Viewing the theoretical frame of microfinance allows practitioners to suitably conform to the conditions of a particular region.

Eugene Versluysen extends all the insight and knowledge of a mainstream economist, with the caring and compassion of a true humanitarian. *Defying the Odds* is a brilliant analysis of both macroeconomics and microfinance, and their mutual necessity in the development of any nation.

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