

Table 18: Combined research designs and analytical methods

Outcome category	Location in causal chain	Significance & sign					
		Ns			sig		
		+	-	total	+	-	total
Economic	inputs	194	189	383	127	70	197
	effects	362	313	675	441	117	558
	impacts	27	15	42	92	42	134
	Total	583	517	1,100	660	229	889
Social	inputs	12	7	19	5		5
	effects		1	1			
	impacts	154	118	272	79	22	101
	Total	166	126	292	84	22	106
Empowerment	inputs						
	effects						
	impacts	47	67	114	76	19	95
	Total	47	67	114	76	19	95

4.1 Policy recommendations

If indeed there is no good evidence to support the claim that microfinance has a beneficial effect on the well-being of poor people or empowers women, then, over the last decade or so, it might have been more beneficial to explore alternative interventions that could have better benefitted poor people and/or empowered women. Microfinance activities and finance have absorbed a significant proportion of development resources, both in terms of finances and people. Microfinance activities are highly attractive, not only to the development industry but also to mainstream financial and business interests with little interest in poverty reduction or empowerment of women, as pointed out above. There are many other candidate sectors for development activity which may have been relatively disadvantaged by ill-founded enthusiasm for microfinance. Even within the microfinance sector, the putative success of basic models of lending such as the Grameen Bank and related models, may well have diverted attention from opportunities for alternatives; for example, recent studies (Collins et al. 2009) have pointed out that poor people do not just need credit but access to other financial products such as savings, and insurance. Also, the financial products offered by MFIs must become more flexible and adjust to rapidly changing circumstances faced by poor people. Many MFIs have already moved in that direction, providing more diverse and flexible products.

However, it remains unclear under what circumstances, and for whom, microfinance has been and could be of real, rather than imagined, benefit to poor people. Unsurprisingly we focus our policy recommendations on the need for more and better research. Thus, to have obtained a clearer picture on the impacts of microfinance, on whom, where, and when (e.g. under what circumstances), and the mechanisms which account for these effects, more and better quality quantitative evidence was required at an earlier stage in the diffusion of this intervention. While there is currently enthusiasm for RCTs as the gold standard for assessing interventions, there are many who doubt the universal appropriateness of these designs. Indeed there may be something to be said for the idea that this current enthusiasm is built on similar foundations of sand to those on which we suggest the microfinance phenomenon has been based.