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Sukhwinder Arora, Microfinance Professional

What's Wrong with Microfinance?

Edited by
Thomas Dichter and Malcolm Harper

PRACTICAL ACTION
Publishing

Intermediate Technology Publications Ltd
trading as Practical Action Publishing
Schumacher Centre for Technology and Development
Bourton on Dunsmore, Rugby,
Warwickshire CV23 9QZ, UK
www.practicalactionpublishing.org

© Intermediate Technology Publications Ltd, 2007

ISBN 978 1 85339 667 0

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A catalogue record for this book is available from the British Library.

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Since 1974, Practical Action Publishing has published and disseminated books and information in support of international development work throughout the world. Practical Action Publishing (formerly ITDG Publishing) is a trading name of Intermediate Technology Publications Ltd (Company Reg. No. 1159018), the wholly owned publishing company of Intermediate Technology Development Group Ltd (working name Practical Action). Practical Action Publishing trades only in support of its parent charity objectives and any profits are covenanted back to Practical Action (Charity Reg. No. 247257, Group VAT Registration No. 880 9924 76).

Cover design by Mercer Design
Indexed by Indexing Specialists (UK) Ltd
Typeset by SJI Typesetting
Printed by CPI Antony Rowe, Eastbourne, UK

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CHAPTER THIRTEEN

Microfinance: Some conceptual and methodological problems

David Ellerman

Abstract

Credit-based microfinance has the characteristics of a development fad; it moves money to get quick heart-warming results on the ground, publicized by selective cases but with little developmental results. Most lending is used for consumption purposes; the few entrepreneurial loans are in easy-entry microbusinesses with little potential. Although defended with a development rhetoric, most support for microfinance seems to be based on simple but superficial poverty relief; it gets some resources to the poor. The methodological heart of the paper analyses the current fad of 'impact evaluations' used to defend microfinance. By comparing programmes to the pseudo-counterfactual of no programme ('doing nothing') – instead of the counterfactual of the best alternative programme using comparable resources – impact evaluations provide the ultimate low-hurdle ('no matter how expensive, it's better than nothing!') for development agencies to give poor but fashionable programmes a few more turns around the hamster wheel.

Introduction

Over the last two decades, microfinance has grown into a major 'development solution'. And now the success story has been crowned with the Nobel Peace Prize for Muhammad Yunus and Grameen Bank. Yet microfinance is not without controversy. Is it really some sort of development solution or is it more of a long-lived development fad?

Development fads 101

Over the last 60 years, development aid and assistance has been increasingly organized as a deliberate, institutionalized and well-financed business. Yet it cannot be reckoned a success. Where development has been most successful (for example, East Asia), international aid and assistance from official or non-profit organizations have had little to do with it (except perhaps as indicating what not to do), and where assistance organizations have had their largest footprint (for example, in Africa), success has been the least.

In most areas of organized human endeavour, learning takes place over the years even if there was much painful stumbling in the beginning. For instance, in the fields of medicine and public health, there are real discoveries as well as mistakes, genuine learning does take place, and it is cumulative. Other fields such as 'management theory' seem to be constantly surfing with the latest fads; the 'classics' are only the latest bestsellers in airport bookstores. Development assistance often seems to be more like management theory than an applied science.

One response to failing organizational effectiveness in business management or in development assistance is chasing ersatz 'solutions' or fads that promise to quickly address long-standing problems or at least their symptoms. Over the course of time, there is indeed some 'learning' but it is a kind of breathless pseudo-learning as one fad after another is taken up and dropped. As each fad proves not to live up its hyped promise, it is quietly abandoned in favour of the latest 'solution' – another cycle in the hamster wheel of fad-driven aid programmes.

How might we identify fads? Any gardener knows that 'successful' weeds are quick to establish themselves on the ground. In a similar manner, a development fad has to show quick results on the ground, results that can then be amplified through public relations activities couched in terms of the latest rhetoric. Nothing seems to be simpler or to get quicker 'results' than offering money to poor people with the cost postponed to the future.

Microfinance might be usefully compared to a more recent development fad, social funds, which also got quick gratifying results. A loan is made to a poor country to establish a social fund at the national level that will then make a gift[1] for local infrastructure to 'qualifying' jurisdictions (for example, localities that support the ruling group). The repayment of the loan by the national government is many years off, probably well beyond the expected political horizon of the sitting government. The qualifying local community is 'empowered' to choose which form its gift will take – a local school, health clinic, road, bridge, water project or the like. Soon after the project is completed, the public relations people from the development agency can descend on the community to do a video of the new school or clinic, and to record the heart-felt gratitude of the local officials and people. Now their children will have a better education, health care, water supply and so forth. Evaluators will also descend on the community to document that they have better school or health facilities than a control group of communities that did not get the gifts. And all this creates the warm glow of moral satisfaction on the part of the supporters of social funds.[2]

Here we see some of the same features that have made microfinance so popular with development agencies anxious to move the money and establish quick heart-warming results on the ground that can then be selectively projected into an image of success. That is sufficient to start a development fad.[3]

But microfinance has even more endearing characteristics than social funds, and thus the appeal of microfinance has certainly been more enduring. For the left, it is a programme that targets the poor and seems to provide a certain

measure of poverty alleviation. For the right, it seems to be associated with enabling entrepreneurship and business development so that poor people can then provide for themselves. It has now developed into a world-wide industry (Rhyne and Otero, 2006) with some promise for commercial sustainability. Perhaps it is the mother of all development fads and, thus, it is an appropriate topic for some critical examination.

Development assistance or poverty relief?

Debates about microfinance often involve background assumptions that need to be brought into the foreground and examined. Is the purpose assistance to economic development, or is it more a tool for the relief of poverty?

The international development agencies and organizations were not originally designed to undertake humanitarian relief. Natural and human disasters will always be with us, so there is always the need for some well-defined and short-term disaster relief efforts. But the difficulties in development assistance (Dichter, 2003; Ellerman, 2005a) have prompted many agencies to quietly refocus their work towards poverty relief – all the while describing it in developmental terms.

Much criticism of microfinance has focused on the lack of developmental impact (for example, is Bangladesh on anyone's list of development success stories?). In reply, microfinance proponents hold up a few outlier examples of growing businesses that at some point received assistance from a microfinance programme. Aside from the problem of trying to reason based on the exceptions rather than the bulk of the cases, this response seems to hide a less public discourse. Quiet private discussions in corridors and backrooms have a different tone. The real argument is something like this:

> Look, parts of Africa and some other regions are walking disasters. It is only academic to make these distinctions between development assistance and humanitarian relief. Children are dying, and if we don't address these humanitarian concerns today, then there will certainly be no development tomorrow. Leaving aside all the hyped official rhetoric, the real point is that the microfinance programmes, subsidies and all, are putting resources into the hands of the real poor, and that is more than enough reason to give our support to microfinance.

Such a stance – in public – would be a breath of fresh air in the microfinance debate. Then microfinance would be debated simply as a poverty relief programme.

Getting poor people to take out loans is, for many purposes, a legitimate activity, and it certainly is a way to quickly 'move the money'. In the USA, there is a huge finance industry that is constantly trying to get people to sign up for and use more and more credit cards. And in a handful of cases, microbusinesses might get started by borrowing and shuffling debt around between such credit providers and thus genuine empowerment may be the result (as it might be the

result of throwing money out of helicopters or of traditional forms of relief). But few would see 'getting more short-term credit' to poor people as a development solution in the developed world where the business environment is considerably more business-friendly than in most developing countries. While it is a delightful fantasy, there unfortunately seems to be little basis in fact to assume in the developed or underdeveloped world that poor people – who (practically by definition) have trouble getting and/or holding a job – have the necessary entrepreneurial knowledge, skills and opportunities to *start* businesses if only they had access to finance. Outside of a few well-publicized cases, the bulk of borrowing by the poor seems to be consumer-oriented.

This possibility of recasting the microfinance debate as being about relief should not be lightly dismissed.[4] William Easterly, an acute researcher of the official development efforts (for example, of the World Bank), has argued persuasively (2001, 2006) that the major aid agencies have failed and that there is virtually no chance for that to change. Genuine development assistance is much too subtle and indirect an affair for the thundering dinosaurs of the 'dev biz' to have much transformational effect. Since it seems unlikely that the major agencies will be just shut down (they always have powerful inside and outside constituencies), Easterly suggests that perhaps they should retool to focus on poverty relief. Perhaps that is something they could actually do. Hence the retooling of the 'development' institutions away from development assistance towards 'aid' to poverty relief is not only something that is quietly taking place; it is being actively advocated by some critics of the 'dev biz' as something that should be doable.

Is microfinance helping the poor?

Isn't microfinance one of the best ways to 'help the poor'? Microfinance programmes are usually in fact lending-led programmes that can be 'installed' by development organizations using seemingly off-the-shelf models and external finance (see Johnson and Rogaly, 1997; Dichter, 2005b; Rhyne and Otero, 2006). Not only is sustainability an issue, there is an issue as to whether or not that sort of development assistance *should* be sustained. Is that the sort of assistance that builds self-reliance rather than dependency, that builds capacity rather than prolongs incapacity?

In the developing world (and in the depressed parts of the developed world), donor-funded organizations are thick upon the ground to 'help the poor' (Dichter, 2005a). Instead of really helping the poor to become the agents or doers of their own development, the poor are seen as the clients and customers of the multitude of externally funded organizations with the ostensible purpose to deliver services – such as microfinance lending services – to the poor.[5]

Then the question is posed as to whether the microfinance industry should have a more subsidized anti-poverty orientation (with the resulting dependence on continued donor funding) or be oriented more towards a commercial model that might be self-sustaining but that, for all the usual reasons, would tend to

leave the poor behind. But I should think the point is that neither of these options promotes the forms of collective self-organization by which poor people have historically improved their lot. There are other forks in the road.

In contrast, a savings-based credit cooperative (or 'credit union' as another type of union) is an organizational form by which large numbers of people, each with small savings, can pool their savings together to finance non-trivial business opportunities (in addition to some consumption-oriented lending). In one sense, cooperatives are commercial (for example, in using corporate forms and accounting standards). But cooperatives are not commercial in the sense of being footloose or free floating so that they could leave the poor behind. A certain identifiable group of poor people are the members of the cooperative and their savings are being put at risk so they have the natural incentive to monitor and control the activities.

There are many ways that donors could subtly help to catalyze and facilitate the development of savings-based credit cooperatives. One way is to foster and partially fund up-stream organizations whose mission is to catalyze and help animators organize savings cooperatives and to help those cooperatives learn on a peer-to-peer basis from each other about propagating the examples and about overcoming the obstacles they face. Another way is to promote partial insurance schemes for small depositors in credit cooperatives so that the fear of losses through organizational or financial collapse will not paralyze individuals from becoming involved in such a collective activity. In any case, the idea is to foster and catalyze the collective agency of poor people to change their own circumstances, not to simply have better services delivered to them as passive customers and clients.

But there are even more ways that donors could provide what might be called 'unhelpful help' – 'help' that tends to crowd out budding attempts at self-organization, 'help' that tends to reward need rather than initiative, and 'help' that tends to create dependence rather than build the capacity for independence (Ellerman, 2005a).

Genuine development assistance, where the helpers do not crowd out and undercut the agency of the doers, is a slow, subtle and painstaking process. Yet various leaders of development assistance agencies, assorted well-meaning celebrities, and a few publicity-seeking academics are constantly badgering the public, the political leaders and the donors to 'do more' to help the poor and to 'do it quickly' because things are getting worse. 'Children are dying!'. Thus donors and the organizations they fund are 'in a rush to do good' – which accounts for much of the 'popularity' and 'success' of installing off-the-shelf loan-led microfinance programmes. But that is rarely how much good is done.

Clear thinking about microfinance also requires getting beyond the carefully selected stylized stories about outlier individuals. The activities of microfinance organizations are described as funding 'entrepreneurship' by the poor when the bulk of loans seem to fall into the category that is better described as consumption smoothing. This includes bulk consumption expenditures on things that cannot otherwise be purchased on credit as well as the various

family crises that might otherwise force a family into the embrace of the village moneylender. The point is not that these goals are unworthy but that they bear no relationship to the development-oriented storyline of funding entrepreneurship by the poor.

In the minority of cases where some business activity is being individually funded, it will often be an activity with little or no barriers to entry so many microborrowers may simply end up in cut-throat competition with each other. For instance, one nanobusiness is to buy a spice or staple in some bulk and then to repackage it in small amounts so that other poor people can afford it. Such microbusinesses are easily imitated, have little if any potential for growth and diversification, and do not address the more fundamental obstacle to non-trivial entrepreneurship, namely, people cooperating together to do what they cannot do individually.

It is now commonplace that donations of food surpluses from the north to 'feed the poor' in the south may well end up – in spite of the superficial appeal to 'helping the poor' – undercutting the struggling farmers in the south so that the south becomes even less able to feed itself. In a similar manner, donations of used clothing may undercut local tailors and local cottage industries. It is perhaps less appreciated that another 'entrepreneurial activity' funded by microlending, namely, shuttle trading, has a micro-version of the 'Wal-Mart effect' to crowd-out conventional local merchants, not to mention local producers. Moreover, it is often small- and-medium-sized businesses that have the real development potential to engage the market, but their financing needs seem to be crowded out by the quick fix to alleviate the symptoms of poverty by financing individual microbusinesses. In many ways, microfinance programmes may be like fast-growing weeds that will choke the ground before the slower ('development-oriented') crops can grow.

Thus the rush to do good with pre-packaged and easily-installed microfinance programmes may well be another form of unhelpful help that has untoward longer-term effects on the supposed beneficiaries. In this sense, microfinance may be an *anti*-development intervention.

Impact evaluations: The ultimate low hurdle for aid agencies

Microfinance projects, like other development projects, have usually been defended on the basis of evaluations that are, on the whole, positive. But few 'evaluations' can be taken at face value. There is a powerful and by now standard critique of evaluations in the field of development assistance. Basically, the standard critique is that it is well-nigh impossible to get an evaluation that is truly independent. Usually those who fund an evaluation are closely related to the project and will not welcome bad news as it reflects on their judgment and expertise. This lesson is not lost on the evaluators who draw their income from this business. Hence, aside from minor wrist-slapping to show 'independence', evaluators are rarely the bearers of bad news, and project administrators are duly thankful for the 'good job' the evaluators are doing.

But my point is not about this standard critique of evaluation. Recently the undermining of evaluation as a part of the learning process has been taken to whole new level – impact evaluations. Impact evaluations have become a fad in their own right and are now entwined with microfinance as a means to help sustain programmes that have little if any development effectiveness. Hence it seems worthwhile to examine the inherent flaws in the concept of impact evaluations rather than examine the details of impact evaluations of microfinance as if the concept was well-grounded.

The root function of an evaluation is, as the name indicates, to judge the value of something. But the value of something is only determined by considering its costs, which entails comparing it to the alternatives. One of the most basic concepts in economics is the notion of opportunity costs. When certain resources are devoted to Plan A, what is the real cost of the resource commitment? The resources might include time and effort and many other difficult-to-quantify investments so it is not just a matter of adding up the costs. The doctrine of *opportunity* cost says that the true cost of committing those resources to Plan A is the benefit that was foregone by not committing those resources to the best alternative Plan B. Thus the notion of evaluation leads directly to the 'compared-to-what?' question. If the benefit from investing those resources in Plan A was greater than the opportunity cost (that is, the benefit from the best alternative Plan B using those resources), then Plan A has a positive net value and gets a *positive evaluation*.

This basic concept of evaluation is not 'rocket science' – in fact it is just elementary economics. Yet, we now have the fad of 'impact evaluation' in full flower and it is promoted by many economists who should know better. The basic idea of an impact evaluation of a plan or project is not to compare it to alternatives using comparable resources but to compare it to the alternative of doing nothing. In other words, the 'counterfactual' is not the best alternative use of the resources in the current circumstances but what would have happened if no resources had been expended in the current circumstances. If the benefits of the project exceed the benefits from that pseudo-counterfactual of doing nothing, then the project gets a 'positive evaluation'.

When described in such stark terms, one might wonder how impact evaluation could be seriously promoted. One treatise devoted to the subject notes honestly on the first page: 'Notice that in concentrating on impact analysis we will not be concerned in this book with the worthwhileness of a program, as in benefit-cost analysis, for example, but rather, we will limit our concern to certain of its accomplishments' (Mohr, 1988). How can a treatise on 'programme evaluation' not consider the 'worthwhileness' of a programme? Apparently, it is enough to say that it is an 'impact evaluation' or an 'impact analysis'. Inside many aid organizations concerned to justify their programmes, the tell-tale adjective 'impact' is soon dropped so that we have so-called 'evaluations' that do not consider the worthwhileness of the programmes.

There is a classic literature on experimental design in statistics (Fisher, 1951) that is widely used, for example, in agricultural testing or in drug tests. One part

of an overall statistical testing programme would be testing a hypothesis about the effect ('impact') of a certain treatment. The design of the experiments involves using groups that are similar in all characteristics except that some groups receive the treatment while the control groups do not. Unfortunately, we now see this 'treatment effects' part of a statistical programme taken out of context and promoted as a means of 'evaluating' social programmes with impact evaluations.

There seems to be some implicit assumption that an evaluation can be reduced to an application of an statistical and econometric scheme that looks just at the current project and the 'counterfactual' of there being no project under otherwise similar circumstances. When the question of alternatives is raised, the statistically-oriented 'evaluator' pleads 'no data' – as if that were another reason to stick to the phony counterfactual rather than a fatal flaw in the whole scheme of evaluation.

> Impact evaluations seemed to get a boost in scientific prestige by being associated with the work of James Heckman who received the Nobel Prize in Economics. In Heckman's nobel lecture, he noted: 'The treatment effect literature approaches the problem of policy evaluation in the same way that biostatisticians approach the problem of evaluating a drug. Outcomes of persons exposed to a policy are compared to outcomes of those who are not' (Heckman, 2001).

> Often a great deal of flashy e-con-ometrics is applied to try to show that the pseudo-counterfactual is otherwise similar to the situation of the 'persons exposed to a policy' – as if that covered all the scientific bases when in fact it ignores the fundamental question of the alternatives (using comparable resources).[6] Towards the end of his lecture, Heckman at least takes a nod in the direction of costs: 'Important challenges to the field include... the development of empirically credible econometric cost benefit schemes for the evaluation of micro policies that link the program evaluation literature more closely to economics' (Heckman, 2001).

Indeed. And via the Economics 101 concept of opportunity costs, the mention of costs will raise the question of alternatives, which will in turn quickly move beyond 'econometric cost benefit schemes' to require some deeper knowledge of the type of social policies and programmes being 'evaluated'.

It might be noted that both Heckman and Mohr assume that the situation would be much improved, if not remedied, by 'cost–benefit schemes' or 'benefit–cost analysis' as if comparison and benchmarking could all be reduced to measuring some one-dimensional quantified cost. They seem to miss the real point of the opportunity cost (also called 'alternative cost') idea, which is to force consideration of all the alternatives available with comparable resources. Why should the comparison of alternatives take the form of measurement along some one-dimensional scale? While it would be a step in the right direction, moving beyond impact evaluation to cost–benefit analysis does not resolve the

problem since there is little reason to expect that the whole complex process of comparison, benchmarking, adaptation and learning can be reduced down to computing a net benefit (benefits minus costs) and then selecting the project with the highest net benefit.

A genuine evaluation should be seen as *an integral part of the process of social learning*. Under conditions of uncertainty, local variation and an acknowledged Socratic ignorance of 'The Solution', the best approach to social learning seems to be parallel experimentation and the real-time evaluation of benchmarking and communication of ideas between actual (that is, non-hypothetical) experiments where comparable resources were expended as opposed to no resources (see Ellerman, 2005a).

It is perhaps useful to contemplate what medical research would be like if it limited itself to treatment effects analysis and impact evaluation. Most any sort of home remedy and folk medicine is better than doing nothing. Even blood-letting might have a positive placebo effect (since the practice persisted for centuries). One could imagine a powerful medieval Blood-Letting Guild sponsoring 'scientific tests' where the outcomes of 'persons exposed to [blood-letting] are compared to outcomes of those who are not'. Since the outcomes might generally be positive (due to a placebo effect), the practice would get a 'positive evaluation'. Fortunately, medical and other forms of applied scientific research have only used such a 'treatment effects analysis' as a part of an overall programme that involved comparisons to alternative treatments – not just comparisons to doing nothing.

But it is a different matter for development organizations that are anxious to get a 'positive evaluation' of their programmes and policies. The fad of impact evaluation – with its veneer of scientific respectability – seems custom-made for this purpose. It is the ultimate low-hurdle form of evaluation. A untold amount of resources can be spent on a project and as long as the result is 'better than doing nothing', then the project will get a positive evaluation.

In this, as in so many other aspects of development assistance, the World Bank has been the leading opinion maker and practitioner. For instance, after spending considerable resources on training individual vendors in North Africa in a Grassroots Management and Training programme, the World Bank Institute noted in its 1997 *Annual Report*: 'A 1996 evaluation found that GMT-trained women had systematically better business practices, higher business incomes and felt more empowered than control groups without access to GMT training'. Or to sustain the fad of social funds, the World Bank was careful to apply scientific evaluations to its programmes:

> A good impact evaluation asks the question: What would the status of the beneficiaries have been without the program? 'Counterfactuals' are usually constructed through the use of control/comparison groups... The general evaluation design is a matched comparison between social fund communities or beneficiaries and others with similar characteristics that did not implement a social fund project. (Social Protection Unit, 2000)

It should come as no surprise that the World Bank uses impact evaluations to evaluate not just its social fund projects but also its microfinance programmes.[7]

Indeed it should also come as no surprise that the World Bank Development Economics Department (namely, the Bank's research department) has launched a major initiative to promote impact evaluations themselves as the ultimate low-hurdle way to evaluate development programmes.

> Impact evaluation is an assessment of the extent to which interventions or programs cause changes in the well-being of target populations, such as individuals, households, organizations, communities, or other identifiable units to which interventions are directed in social programs. One way of conceptualizing net effects (or outcome) is the difference between persons or other targets that have participated in a project and comparable individuals, or entities that have not participated in the project.
>
> An impact evaluation must estimate the counterfactual, which attempts to define a hypothetical situation that would occur in the absence of the program, and to measure the welfare levels of individuals or other identifiable units that correspond with this hypothetical situation.[8]

Perhaps there is some irony here. The World Bank often tries to legitimate its leading role by citing its unique standpoint to scan the whole world for alternatives and to ascertain 'best practices'. Yet after decades of failures, it has decided that the best way to evaluate its development programmes is not to compare them to all the actual alternatives that might be undertaken with the same considerable resources but to compare them to 'a hypothetical situation that would occur in the absence of the program'.

Conclusion

I have tried to look at some broader methodological and conceptual issues that arise in the reexamination of microfinance. My main points are as follows:

- Microfinance has the characteristics of a development fad such as moving the money with quick wins on the ground, which can be propagated through selective public relations and by the application of the latest catchphrases (for example, helping the poor, grassroots assistance, market-based, empowering, entrepreneurship and so forth).
- Microfinance is publicly touted as an instrument of development but is privately defended by many practitioners as a form of poverty relief.
- The quick wins of microfinance are quick for a reason: they move the money to 'help the poor' without addressing the financial needs of the small- and medium-sized enterprises with real growth potential (a job for the banking industry) and without making basic changes (for example, in government corruption or in the business climate) needed for broader business development. In fact, the programmes may undercut and crowd out longer-term business development, as when microfinanced shuttle traders crowd out local producers. Such forms of 'help' are actually unhelpful in creating local business capacity.

- In addition to the well-known difficulties in having independent and objective evaluations of development programmes, the new fad of impact evaluations has carried the corruption of the evaluation process to new levels of sophistication (or rather pseudo-scientific pretense). Any real process of social learning would involve evaluation by benchmarking and peer-to-peer cross-learning between parallel experiments carried out by people in comparable circumstances and with access to comparable resources. But after decades of failure, the major aid agencies such as the World Bank are now promoting impact evaluations to judge development programmes by simply comparing – no matter what resources were expended – the impact of the programme to what would have happened in the 'hypothetical situation that would occur in the absence of the program'. Then microfinance and other development fads (usually) get a 'positive evaluation'.

In view of the above, it is becoming increasingly plausible to argue that the microfinance programmes installed by aid agencies and NGOs are not simply falling short of their hype (most observers agree on that) but are yet another faddish form of unhelpful help, an anti-development intervention that produces a short-run benefit but may misdirect and undermine sustainable development and poverty reduction in the longer run.

Notes

1 There might be something like a 10 per cent 'matching' requirement that can be provided in the form of dragooned local labour.

2 But critics might argue that social funds are in fact indebting future generations in order to put an instrument of political largess in the hands of the government officials and that social funds have zero, if not negative, connection to any capacity building on the part of the national, regional or local governments to provide and maintain their own local infrastructure (for example, Tendler, 2000).

3 See the section below on impact evaluations to understand how these ultimate low-hurdle evaluations are used to sustain development fads.

4 While not the result of official aid programmes, unskilled labour migration is another example of a phenomenon that gets quickly established, is long lasting, and has a positive effect on relieving poverty in the sending country (for example, through remittances) – but nevertheless seems not to be a path to development (see Ellerman, 2005b).

5 For example, one might consider a recent survey and prognosis (Rhyne and Otero, 2006) of the microfinance field commissioned by the Global Microcredit Summit 2006 and written by two leading practitioners based on comprehensive statistics and dozens of interviews with microfinance leaders. The striking thing about this excellent document is that it is entirely framed in terms of the 'microfinance industry' as 'suppliers of financial

services to the poor'. There is no hint that this might have anything to do with the collective agency of poor people's movements; it is all about better serving the poor as the customers and clientele of the microfinance industry. It is as if one surveyed the labour movement and took it for granted that the purpose of labour unions was to provide various services to workers such as access to finance (credit unions and now credit cards), cheaper group rates for health insurance, better retirement plans, and the like – all without any hint that the labour movement might have (at least historically) something to do with the collective agency of employees to 'change the system'.

6 See, for example, Ravallion (2005) for a discussion of 'propensity-score matching, discontinuity designs, double and triple differences' and other impressive-sounding ways of asking the wrong questions.

7 For example, see Dunn (2005) for the World Bank's evaluation of its microfinance programme in Bosnia that was contracted out to a firm called Impact LLC (see Chapter 17 in this volume).

8 On the World Bank's website, www.worldbank.org, click on 'Data & Research', then 'Impact Evaluation', and then 'Overview' to find this description and to find a handbook (Baker, 2000).

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