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# The “Missing Middle” In Our Microfinance Knowledge: Chris Dunford

*More notes from the [Microfinance Impact & innovation Conference 2010](#).*

The title of this post is perhaps a bit misleading since there is a *lot* that is missing in our current knowledge on microfinance. The term "missing middle" owes to Abhijit Banerjee's presentation on Day 2's first panel. But more on that later. The panel in question was moderated by [David Roodman](#), whose open book blog is an absolute microfinance must-read. The panel, titled "What Don't We Know That We Ought To", seemed like the appropriate beginning to Day 2, after Day 1's synthesis of what we *do* know.

First up was *Freedom From Hunger's* Chris Dunford, who began with the important point that evaluation of microfinance ideas and initiatives is a task that extends beyond impact research. For instance, in order to assess the impact of microfinance on the poor, we first need to define microfinance. [David Roodman recently asked this question](#) and it does not have a simple answer. Then we need to think about what would make us consider an impact positive or negative, and how we define the parameters on which change is being measured. In addition, who is the target audience of microfinance is and what constitutes "the poor"? These questions do not have easy answers, but are critical both to the users of the results from impact research, and the designers of impact research as well.

✖ In addition to definitional issues, Mr. Dunford cited the need by consumers of impact research to make value judgments: are interest rates too high? Are borrowers becoming over-indebted (Rich Rosenberg would speak further on this specific issue)? What are we to make of for-profit, publicly-owned MFIs? Along with definitional issues, questions such as these are of concern to policymakers who use impact research. Researchers should thus be keenly aware of the needs of the audience using their research findings.

This and other recommendations were summarized by Mr. Dunford in a brief four-point list:

1. "We should understand the psychology of decision-making by the intended users of impact research and shape our conduct and communication of impact research accordingly." This is the engagement point noted above.
2. "We should pay closer attention to the quality of delivery and how the heterogeneity of the treatment affects the heterogeneity of outcomes or impacts." As responsible social

scientists, we should indeed be concerned with the risk of false positives (i.e. finding a positive impact where there really isn't one), but we should be equally alive to the dangers of false negatives (i.e. rejecting positive impacts where they may actually exist). Impact research is often constrained to looking at short-term effects, which prevents and positive long-term impacts from coming to light.

3. "We should push ahead the tedious work of multiple RCTs in a variety of places with a variety of microfinance designs to answer the "Does it work?" questions in terms of where and when and for whom it works." This means that we should replicate, replicate, replicate, but also have multiple designs in order to get a more nuanced view of what works and what possibly doesn't.
4. "And last, and perhaps the most controversial, we should master quantitative analysis of qualitative information, so that our questions of the treatment and control groups can be more open, to allow for learning that was totally unexpected." This gets back to the issues of definition and value judgments: we need to incorporate shifting ideas of what we are talking about in order to understand it.

Thanks are due to Freedom from Hunger's Chris Dunford, Megan Gash and Bobbi Gray, for sending us a transcript of Mr. Dunford's speech and an expanded list of priority questions for researchers, from the perspective of practitioners. I will be posting the list up soon, once I have received some more thoughts from the aforementioned individuals.

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