Microfinance, health, and empowerment: Evaluating the effect of an integrated intervention on client revenue and profit in Benin

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Abstract
Greater emphasis is being placed on cross-sectoral development approaches, including the integration of microfinance and health services. Experts suggest that coordinating resources across sectors may produce synergistic effects. For instance, integrated microfinance and health (IMH) may generate greater health and financial outcomes for clients than either approach alone. However, evidence of IMH effectiveness is mixed. We conducted an evaluation to understand the value of combining microfinance and health programs.

We systematically analyzed peer-reviewed literature evaluating the effect of IMH interventions on client outcomes. We then analyzed data from a cluster-randomized controlled trial in Benin. We used a difference-in-differences approach to assess the effect of an integrated microfinance and health education intervention on client reported revenue and profit. Finally, we used confirmatory factor analysis to create a measure of women's empowerment. We interacted this measure with program effect to assess how program effect was influenced by level of empowerment.

Our systematic review included 35 articles. Evidence for IMH was moderate in quality. The strongest evidence was for integrated microfinance and health education programs, which reported increases in knowledge and some behaviors but not broader health outcomes. In Benin, participants in the integrated program reported on average USD 18 less in revenue than participants in the credit-only program (p=0.05). Effect on profit was negative but insignificant. The measure of empowerment had appropriate goodness of fit and was supported by qualitative empowerment interviews. Controlling for other variables, empowerment had a significant and positive effect on revenue and profit. However, we found weak evidence that program effect differed by level of empowerment.

Although it is promising that IMH programs demonstrated improvements in some health outcomes, there is no evidence of long-term change in health status. In Benin, integrated microfinance and health education had a significant negative effect on revenue. This analysis does not provide evidence of synergy from combining health and microfinance approaches. Despite positive effects of empowerment alone on revenue and profit, we found weak evidence that program effect was influenced by level of empowerment. Future research would be strengthened by longitudinal studies that include objective financial variables and robust measures of empowerment.

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