Companies are racing to add poverty-reducing microcredit initiatives to their corporate social responsibility (CSR) activities.Abhijit Banerjee and Esther Duflo, of MIT's Poverty Action Lab, recently evaluated dozens of rigorous studies on the economic lives of the poor, finding that regardless of country or continent, very little of each additional dollar of disposable income is spent on any form of investment, or even on food and shelter.In the past three years we've brokered investments in more than 150 carefully selected microcredit programs and have seen positive effects firsthand, including improved school enrollment, women's empowerment, 7 FIN240-FINAL better nutrition, and increases in household incomes.Consider these facts: Many heads of microfinance programs now privately acknowledge what John Hatch, the founder of FINCA International (one of the largest microfinance institutions), has said publicly: 90% of microloans are used to finance current consumption rather than to fuel enterprise.There are a number of promising trends in microcredit, including improvements in outcome measurement and reporting, the influx of capital with rigorous financial and social-benefit requirements, and the growth of commercial microfinance organizations with the scale and discipline required to drive down the costs of service delivery.The root challenge for CSR leaders is that microcredit, like most other social programs developed in the charity sector, lacks standardized, readily available, outcome-based measures that would enable good funding decisions.From a humanitarian perspective, donating to ineffective microcredit programs slows the growth and threatens the sustainability of the best programs.From a corporate public relations perspective, companies that make low-value or even harmful microcredit investments risk being attacked for unsubstantiated claims about the impact of their CSR activities.In Bangladesh, where in 2001 approximately one out of four households had at least one microloan, microcredit seems to have had little impact on the country's relative development performance.And aside from the shortage of data showing benefits, there is evidence that some microcredit programs may actually be harmful, plunging the poor deeper into debt.Repayment rates and other commonly reported measures tell us nothing about the impact of a program on poverty.Don't misunderstand: Microcredit can raise borrowers' standard of living and help reduce poverty.And if a company supports the wrong microcredit program, it may not only fail to reduce poverty but also tarnish its own good name.In 1991, for example, Bangladesh ranked 136th on the UN Development Programme's Human Development Index (a measure of societal well-being); 15 years later it ranked 137th.Yet little evidence exists that microcredit borrowers, on average, commonly, directly, and quickly escape poverty, as many assume.Poverty, as always, is resistant to silver bullets, no matter how popular and appealing to donors they are.These trends are nascent, however, and expert due diligence around investment in any program is therefore essential.Their hearts may be in the right place, but these well-intentioned efforts ?can backfire.What are the dangers of a bad investment