

Quality of Aid Management for Microfinance Index

Indicators

Strategic Clarity measures whether the development agency has a microfinance policy aligned with good practice that is shared throughout the agency.

- 1.1 Microfinance (building inclusive financial systems) substantially addressed in a policy that is in line with major principles of the “Good Practice Guidelines for Funders of Microfinance”
- 1.2 Senior management commitment to good practice microfinance principles and evidence of agency-wide dissemination
- 1.3 Agency’s microfinance policy/strategy recognizes and addresses its capabilities and constraints and where it can most add value
- 1.4 Compliance with good practice principles checked at all stages of the project cycle for microfinance programs and components

Staff Capacity measures whether the development agency has staff with microfinance expertise to ensure quality of design, implementation, and monitoring of programs.

- 2.1 Designated focal point with microfinance/financial sector experience and responsibility to provide technical advice to program managers
- 2.2 Agency makes resources available for technical expertise to be involved in the design of all microfinance programs and components
- 2.3 Agency requires and verifies that all staff who manage microfinance programs and components have training/experience
- 2.4 Agency places microfinance specialist staff in countries/regions where it has its most significant portfolio of microfinance programs and components

Accountability for Results measures whether the development agency has systems in place that ensure the transparency and performance-based management of microfinance programs and components.

- 3.1 System in place to identify microfinance programs and components from design to disbursement
- 3.2 Microfinance/financial sector specialist required to review microfinance programs and components
- 3.3 Agency annually tracks and reports on performance indicators for microfinance programs and components
- 3.4 Agency uses performance-based contracts in its microfinance programs and components

Knowledge Management measures whether the development agency has systems to create, disseminate, and incorporate learning from its own and others’ experience.

- 4.1 Focal point’s responsibilities and budget include knowledge management for microfinance
- 4.2 Agency systematically assesses its microfinance programs and components through reviews or evaluations and extracts learning
- 4.3 Mechanism(s) in place for exchanging learning on agency’s microfinance programs and latest microfinance developments throughout headquarters and field offices
- 4.4 Agency requires staff to actively engage and coordinate with key regional/country-level microfinance stakeholders

Appropriate Instruments measures whether the development agency has appropriate instruments for microfinance that are used in a flexible manner and adapted to market needs.

- 5.1 Able to work directly with private actors
- 5.2 Little microfinance programming is done through credit components of larger, non-financial sector programs
- 5.3 Nature and use of instruments are consistent with agency’s strategy and with requirements for supporting microfinance well
- 5.4 Policies and procedures governing use of instruments allow for a range of collaborative funding and technical support