



SmartAid for Microfinance Index: Toward an Effective Role for Funders



Background: Quality of aid matters

In 2006, 29 heads of development agencies asked CGAP to develop a tool to measure the effectiveness of their work in microfinance. The result is the SmartAid for Microfinance Index.

Eighteen development agencies participated in SmartAid to date.



Better Aid for Access to Finance Meeting 2006, Paris

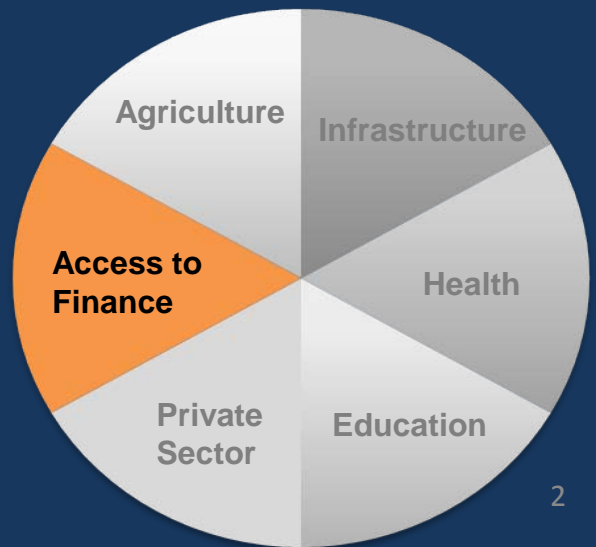
The premise of SmartAid: Strong management systems lead to more impact



Better projects



More impact



Scope of SmartAid Index



Objective: Help funders improve their effectiveness in supporting microfinance

SmartAid...

- spurs internal discussions about effectiveness.
- provides funders with a concise report about strengths and weaknesses.
- draws management attention to priorities for change.
- provides opportunities for peer-learning among funders.



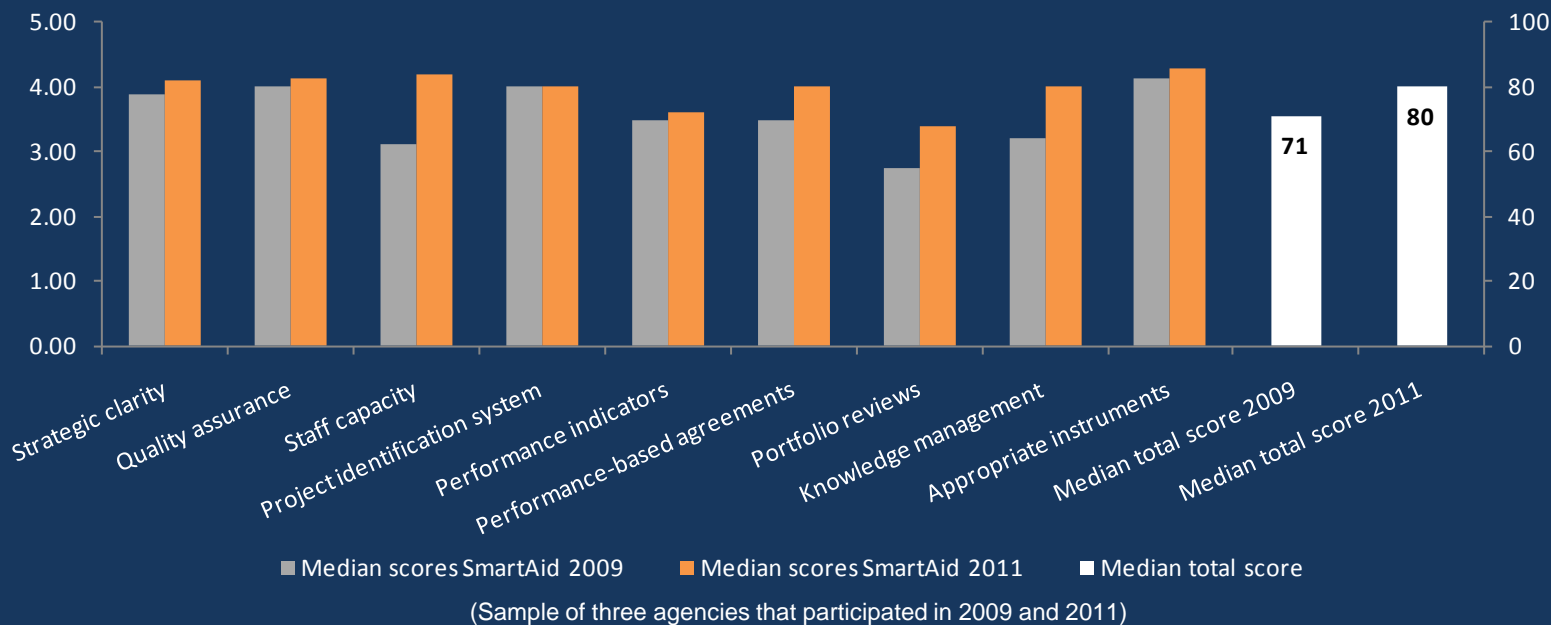
Innovation: Using an index to create incentives for change

- ✓ Provides industry benchmarks on five areas of effectiveness
- ✓ Creates healthy sense of competition among funders
- ✓ Tracks progress over time





Results: Scores increased over time



Applicability: What do SmartAid participants say?

“The process of participating in the SmartAid Index continues to provide a significant learning opportunity for the entire organization, from senior management to regional advisors and country-based staff.”

David Morrison, Executive Secretary, UNCDF

“It is clear that the assessment of our internal management system, policies and procedures and [CGAP’s] detailed recommendations will help us focus on the key areas that need improvement, building on our strengths and comparative advantage.”

Rodney Cooke, Director Technical Advisory Division, IFAD