CGAP

SMARTAID FOR MICROFINANCE INDEX 2009

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)

★★★☆☆

Background

The SmartAid for Microfinance Index measures and rates the way microfinance funders work. Heads of 29 major development institutions endorsed CGAP's development of the Index.[1]

The premise of SmartAid is simple: funders with strong management systems are better equipped to support microfinance effectively. Its indicators assess five areas agreed by all funders as critical for effective microfinance: strategic clarity, staff capacity, accountability for results, knowledge management, and appropriate instruments.

SmartAid enables funders to understand how their systems, policies, procedures, and incentives affect their work in microfinance. An independent, external assessment, the Index highlights strengths and areas for improvement. It can also provide an impetus for funders to take action, prioritize changes, and hold themselves to account for their own performance.

Funders support microfinance with the goal of reducing poor people's vulnerabilities and increasing their incomes. Having the right systems is a necessary, not sufficient, condition for achieving this goal. SmartAid does not, however, evaluate the quality of programs on-the-ground.

SmartAid Indicators	
1	Funder has a policy and strategy that addresses microfinance, is in line with good practice, and is based on its capabilities and constraints
2	Funder has designated microfinance specialist(s) who are responsible for technical quality assurance throughout the project/investment cycle
3	Funder invests in microfinance/access to finance human resources
4	Funder has a system in place that flags all microfinance programs and components
5	Funder tracks and reports on performance indicators for microfinance programs and components
6	Funder uses performance-based contracts in its microfinance programs and components
7	Funder regularly conducts portfolio reviews
8	Funder has systems and resources for active knowledge management for microfinance
9	Funder has appropriate instrument(s) to support the development of local financial markets

Ten funders—AECID, AFD, AfDB, EC, GTZ, IFAD, ILO, MIF, SDC, and UNCDF—participated in SmartAid 2009. This diverse group includes development finance institutions focusing mainly on mature retail institutions, large multilateral development institutions that make sovereign loans to governments, and bilateral and multilateral agencies that primarily provide grants.

The Index presents a standard appropriate for all types of donors and investors. However, good performance against the indicators can take different forms for different agencies. Systems that work can look radically different across funders, based on numerous factors including size, level of centralization, and strategy.

[1] See the Better Aid for Access to Finance meeting, 2006: www.cgap.org/betteraid_meeting/compact.

Key Findings

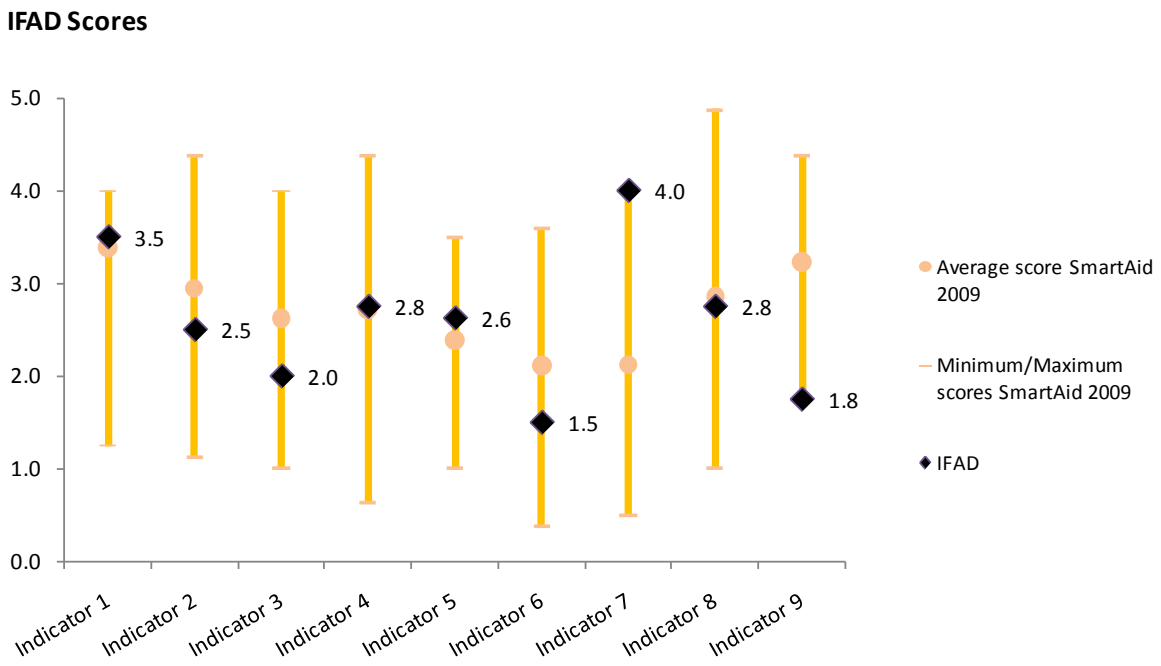
At a Glance	
Type of funder:	UN Agency
Microfinance portfolio (committed as of 12/2007):	$793 million
Microfinance as % of total portfolio:	19%
Number of projects:	191
Primary level(s) of intervention:	☑ Retail ☑ Infrastructure ☑ Policy
Primary instrument(s):	Concessionally-priced debt
Primary source of funding:	Public Funds

The International Fund for Agricultural Development (IFAD) received 53 out of 100 points, meaning that the institution has "partially adequate" systems in place to support microfinance. As the graph on the following page shows, IFAD received scores of 3.5 or higher, on a scale of 0 to 5, on strategic clarity and portfolio reviews (indicators 1 and 7). Performance was weak, with scores of 2 or lower, on investments in human resources, performance-based contracts, and instruments (indicators 3, 6 and 9).

IFAD's exclusive rural focus means it is uniquely positioned to help the 75 percent of the world's 1.2 billion people in extreme poverty living in rural areas. With close to 20 percent of its overall portfolio in rural finance, IFAD is the fourth largest microfinance funder.[2] Its sheer size and specific mandate gives rise to opportunities as well as special responsibilities to create lasting access to rural financial services well beyond the timeframe of one program. If IFAD programs do not perform, not only is the Fund's money wasted, but financial services to poor people suffer. Hence, the way IFAD uses its main instrument and structures agreements with partners is important. Delivering quality financial services to rural areas remains challenging. It requires implementers that can innovate to reduce transaction costs, address agriculture-specific risks, meet clients' varied needs, and manage financial service provision well. IFAD staff in turn need technical skills so that they can recognize effective rural finance on the ground and support it to spur sound implementation and innovation.

IFAD has shown commendable openness to external examination of its rural finance work. Through processes including the CGAP Microfinance Donor Peer Reviews and the Corporate-Level Evaluation of the Rural Finance Policy (2006), IFAD has learned about unsuccessful approaches and internal challenges that impede effective rural finance programming. Policy and strategy papers reflect changes already made such as reducing credit components in larger programs. IFAD has made a strategic shift in its rural finance approach away from supply-led agricultural credit to demand-led rural financial services, and has begun to lay the foundations for improving accountability, especially with regard to Fund-wide processes for quality enhancement and assurance. Yet, the incentives, management backing, and human resources to fully and consistently implement the new Rural Finance Policy, which was approved by IFAD's Executive Board in April 2009, are not yet in place.

[2] See CGAP 2008 Microfinance Funder Survey: http://www.cgap.org/p/site/c/template.rc/1.11.45737/1.26.1426/



Strengths

- **The new Rural Finance Policy reflects good practice and requirements for effective implementation.** The new Rural Finance Policy is in line with the latest good practice in supporting rural microfinance. It discusses guiding principles through an IFAD lens with an emphasis on diverse financial services and institutions, demand-driven approaches, sustainability, and market-based approaches that do not distort. The analysis underpinning the Rural Finance Policy is infused with lessons learned from IFAD's experiences in rural finance. The guidance offered about potential implementation bottlenecks, such as selecting the most appropriate government partner, contributes to making the Rural Finance Policy user-friendly and pragmatic. A section of the Policy specifically addresses the changes that must accompany effective implementation, including improvements in monitoring for results and strengthening IFAD's staff capacity and knowledge management. Once streamlined and finalized, the updated IFAD Decision Tools for Rural Finance will help staff operationalize the Rural Finance Policy throughout the project cycle. The checklists, guidance notes, and reference tools are particularly useful.
- **Regional strategies add further context and clarity for IFAD and project staff.** The regional strategies refer to the Rural Finance Policy and Decision Tools for Rural Finance, and tackle the concrete opportunities and challenges of the specific regions. For example, the Near East and North Africa (NENA) Guiding Framework articulates well the challenge of IFAD's mandate to work through host governments and historical links with state-owned agricultural banks for rural finance. The West and Central Africa Regional Strategy for Rural Finance calls for abandoning credit components within larger programs and includes time-bound indicators for each of the strategy's strategic objectives. Given that significant decision power is concentrated within the regional divisions, these documents are a good complement to the overall Rural Finance Policy.
- **Recent enhancements to quality assurance of project design are promising if implemented.** IFAD's 2008 suite of guidelines for project design, internal project review, and quality assurance provide an excellent framework to ensure appropriate technical inputs early in project

design. Technical review has been strengthened and PT's (Technical Advisory Division) review of loans and grants is mandatory. PT's strong role in the quality enhancement process is also highlighted in the job descriptions of the PT/Rural Finance Technical Advisors. The emphasis on involving external experts and practitioners—selected by the PT Lead Advisor—is especially creative. It facilitates access to a broad range of specific expertise and helps alleviate the burden of the overstretched focal point.

- **Project and Portfolio Management System (PPMS) allows for identifying projects with rural finance.** PT/Rural Finance is able to identify approved projects that include rural finance, whether stand-alone or component, by filtering the portfolio by sub-component types. This system allows PT/Rural Finance to manually produce updated lists of rural finance loans and grants (stand-alone and component).
- **Solid framework for performance reporting.** IFAD has taken several steps to highlight the importance of performance reporting. Annual reporting is required and IFAD has selected a good list of core performance indicators for funding to retail finance institutions. The draft Decision Tools for Rural Finance provide staff with explanations on each indicator and guidance on how to calculate them. These good practice indicators are also aligned with IFAD's overall results management framework, the Results and Impact Management System (RIMS). Indeed, the RIMS Handbook states that RIMS indicators are the ones that "project managers, supervision missions and reviews must report on, for the relevant components, on at least an annual basis." Finally, IFAD's partnership with the MIX Market is an innovative way to build the capacity of IFAD and project staff, creating incentives for partners to report, and promoting transparency of the industry at large.
- **Good reviews of rural finance.** IFAD has received several reviews of how it works in rural finance and the performance of its rural finance portfolio, including peer reviews, the 2007 Corporate-Level Evaluation of IFAD's Rural Finance Policy, and several regional reviews. The openness to conduct these reviews as well as their quality means that the Fund is well equipped to understand its performance and positioned to make reforms, though recommendations have not yet been fully implemented. Common themes that emerge are the need to clarify norms and standards and to comply with them, as well as to ensure the more systematic and earlier provision of technical expertise.

Good Practice Highlight

Best Practice Rural Finance Indicators are Integrated in Overall Results Framework

Best practice indicators for rural financial services are integrated into IFAD's results monitoring system, the RIMS. The RIMS first-level and second-level indicators are aligned with the Rural Finance Policy and international standards, including portfolio-at-risk and operational self-sufficiency. A practical handbook provides a list of standardized indicators and guidance on how to select indicators for specific projects. It also includes a template reporting form, a checklist for project managers and operational tips.

- **Multiple mechanisms and resources for knowledge exchange and training.** Knowledge management is a core function of the focal point and the Rural Finance Thematic Group (RFTG). The RFTG has met about 20 times in the past three years, and connects staff working on rural finance in different divisions at IFAD and also within the Food and Agriculture Organization and the World Food Programme, the other Rome-based UN agencies. Learning notes and research papers capture lessons and provide guidance to staff, and are available on IFAD's website and intranet. Over the years, several CPMs and a few project staff have attended well-regarded microfinance training programs. Alliances with external partners such as centers of excellence and CABFIN, and partnerships with FAO, GTZ, and the World Bank, bring in fresh ideas and expertise.

- **Use of thematic facilities opens up a flexible funding window for innovation.** IFAD's main instrument—loans to governments—is not well-suited for relatively low-cost experimental projects requiring high technical input. The creation of facilities, such as the Financing Facility for Remittances and the Weather Risk Management Facility, in coordination with other donors, is a good way for IFAD to help address critical issues for rural poverty while building technical know-how internally.

Weaknesses

- **Grave mismatch between size of PT/rural finance team and volume of portfolio.** The IFAD PT/rural finance team is understaffed given the number and volume of projects with rural finance. Despite recent recruitments and the regularization of some PT contracts, IFAD has one of the highest portfolio-to-focal point ratios the reviewers have seen in any development institution. For example, of the ten institutions participating in the SmartAid 2009 round, the ratio ranges from about one technical specialist per $200 million of committed funding for microfinance (IFAD and one other agency) to six agencies that have a ratio of one specialist per $50 million or less. Moreover, the four-person focal point, though strong in terms of qualifications, seems particularly short-staffed given increased IFAD responsibility in supervision and implementation support. Also, the three technical advisors have dual functions—focal point responsibilities plus direct management of a facility—and thus limited time for technical quality assurance throughout the project cycle. As a result, it is not humanly possible for the focal point to provide adequate technical support in the design, implementation and monitoring of projects.
- **Little rural finance expertise outside focal point.** There was no evidence of strong staff capacity in rural finance outside of PT. This is true not only for CPMs in the regional divisions, but also among project staff. According to IFAD's own documents, project staff appear over-worked and under-skilled. There is little evidence of strategic efforts to develop the skills of IFAD and project staff or to regularly offer introductions to rural finance to CPMs and project staff. Given the decentralized project structure at IFAD, where key implementation and supervision decisions rest at the country level, lack of capacity is likely to compromise the success of IFAD's projects.
- **Inadequate implementation support and supervision.** IFAD's institutional culture has been historically focused on project design, with responsibility for implementation support and supervision left to project partners and cooperating institutions. Though mentioned in the focal point staff's job descriptions, the specialists appear to have little role in monitoring, which makes the lack of skills at the country level even more problematic. Experience suggests that even the best designed projects are unlikely to produce good results without sufficient technical attention during implementation and supervision. The recent opening for direct supervision signals a positive shift to a focus on making sure the rural poor are well-served by IFAD projects, but will require great changes in work culture, new incentives, an increase in staffing, and internal capacity building.
- **Technical advice does not appear to carry enough weight to make it effective.** Focal point involvement in early project design now seems to be systematic and evidence in the Corporate-Level Evaluation of the Rural Finance Policy indicates that their comments are serious and of high quality. Yet, it is uncertain how much weight they carry. Since PT has limited resources to actively participate in project design, it is likely that the impact of written comments is limited—no matter how good they are.

- **Some credit components may be missed by current flagging system.** Producing an updated list of all rural finance components and standalone projects requires filtering projects one-by-one. This manual process has the potential for human error at several levels, including at the front-end coding and through the filtering process itself. To be accurate and reliable, this manual system would require all relevant staff and consultants having exactly the same understanding of which sub-component types to use. Even then, for a rural finance portfolio of such a large size and with much of it in components, the current system appears inefficient.
- **Performance reporting is not comprehensive, nor regular**. IFAD captures performance indicators for over 120 retail institutions funded by its projects but an equal number, if not more, are missing from current reporting systems. Even for those institutions reporting to the MIX Market, there is no evidence that performance is actively monitored and problematic performance is addressed. The MIX Market is a great tool, but its primary use is as a benchmarking instrument. It is not, nor was it designed to be, a monitoring system for internal reporting and performance oversight. Information is uploaded annually, while semi-annual or even quarterly information is typically required for management and monitoring purposes. In addition, the MIX Market mostly captures fairly mainstream microfinance institutions, and may not be appropriate for some of the institutional models supported by IFAD such as small community-based organizations, cooperatives, or linkage models. Additionally, IFAD makes no effort to capture performance of projects at the market infrastructure (meso) and policy (macro) levels. Outside the MIX Market, there is little evidence of what is collected and in what frequency. The Annual Review of Portfolio Performance 2006-2007 states that reporting on RIMS indicators, especially second-level results, has been low.
- **Performance-based contracts not used**. IFAD does not appear to have the mandate or resolve to use and enforce performance-based contracts. Contracts with retail finance institutions are not common practice and it is difficult to ensure that RIMS indicators cascade down to subsidiary loan agreements. The loan agreements with governments do not include much beyond general suspension or termination clauses. There are no targets or timeframes to hold partners accountable for results. Supervision reports reflect the lack of initial attention to performance requirements.
- **Little evidence of face-to-face opportunities for knowledge exchange between Rome-based and project staff**. While several mechanisms (intranet, learning notes, thematic groups) for knowledge management are in place, it appears that few occasions are created for project staff and CPMs managing rural finance projects to interact regularly and exchange among each other and with PT.
- **Large number of credit components in portfolio**. Despite the broad awareness that credit components present a major risk for quality programs and language against them in some strategies, the vast majority of IFAD's portfolio remains in credit components within multi-sectoral programs. There is some variance on this issue across the regions, as some have greatly reduced the number of credit components.

Recommendations

IFAD has made significant, promising policy changes for microfinance. There is strong clarity and coherence among the Rural Finance Policy Update and the regional strategies. At the policy level, IFAD knows where it wants to go in rural finance. Yet, today, it is possible that the burden on CPMs to comply with the Rural Finance Policy might be greater than the costs of non-compliance, since numerous institutional counter-incentives and obstacles exist.

Though some progress has been made, IFAD also needs to continue to tackle head-on two structural challenges that impede the successful implementation of the Policy. The first is the disconnect between systems in place at headquarters and at the country level. The most herculean efforts to achieve a common vision, train staff, and improve reporting will not be successful if the effort remains focused on Rome—reaching out to project staff at the country level is key. The second challenge relates to the suitability of IFAD's main instrument, loans to governments, for supporting market-based approaches to scale-up rural finance. While IFAD understandably cannot change its main instrument, exploring ways to deploy it more effectively for rural finance as well as using creative options like the thematic facilities are needed.

IFAD's leadership role in fighting rural poverty is uncontested. However, rural finance is a specialized expertise. IFAD's comparative advantage in rural finance is best judged by the performance of its rural finance projects, not merely by whether it has a rural poverty mission. If IFAD wants to be a leader in rural finance, it will have to invest in the necessary resources, especially in terms of systems for accountability and staff capacity.

The following suggestions emerge from the SmartAid review:

- **Ensure there is sufficient technical expertise available throughout the project cycle—and that technical advice is taken seriously.** With such a large portfolio dispersed throughout the world, there is a pressing need to bring in more rural finance expertise to bear on at the design and review stages of the project cycle. Ideally, IFAD would expand the number of specialists in Rural Finance/PT. Given the current vision of PT at IFAD as a fairly streamlined division, this may not be practical or feasible. In this case, IFAD should explore other creative solutions to accessing appropriate and sufficient expertise. For one, IFAD could systematically insist that project staff managing rural finance projects have previous rural finance experience and a solid track record. PT could help screen and interview candidates for project teams. I FAD could also continue forging relationships with regional or local centers of excellence in microfinance/rural finance to help with project monitoring. IFAD could also institute a requirement that all CPMs managing projects with rural finance attend at least five days of internationally-recognized microfinance/rural finance training (see below). But having expertise in place if technical advice is not listened to is not sufficient. IFAD has two options to ensure the recommendations made by the specialists are followed. It can put in place appropriate incentives or make it a requirement. Beyond the design stage, rural finance expertise is also needed during implementation and supervision.
- **Develop intensive plan for upgrading staff capacity on rural finance for CPMs and project staff.** With the recent structural changes and the new direct supervisory role that country level staff hold, they must be provided with opportunities to improve their professional capacity to effectively undertake their increased workload. Management should give high priority to increasing staff capacity to ensure that direct supervision will yield much better results than indirect supervision.

IFAD could require that all staff managing rural finance components or stand-alone projects receive a minimum number of days of rural finance training. PT could develop annual training plans with each regional division, organize in-house training events on the Decision Tools for Rural Finance (once they are finalized), and offer regular clinics on specific implementation challenges IFAD and project staff face. Such training will not turn project staff into rural finance experts, but it will make them aware of basic issues and elements of sound practice, and much better at knowing when, how, and where to call on specialized expertise. In addition to formal training, IFAD should create opportunities to bring specialists together with country level project staff for informal exchanges and relationship building.

- **Step up role of PT and CPMs in project supervision.** A cultural shift is needed to emphasize quality inputs at all stages of the project cycle, beyond design, to ensure the best possible projects. IFAD could place qualified national and local institutions on retainer for "responsive supervision" and technical support. The quality of these institutions' work could be monitored by PT. Performance information should be reviewed and analyzed by CPMs (many of whom would likely need greater familiarity with rural finance principles to do this well), and core performance indicators should be centralized and reviewed by PT.
- **Enforce mandatory reporting of core performance indicators.** PT and regional directors should craft a plan to ensure that all projects progressively start reporting. This plan should include clear staffing and responsibilities for collecting, analyzing, and centralizing the information as well as clear timeframes for making progress. Project level reporting of core performance indicators should be quarterly to allow for timely responses and follow-through. For those projects that do not comply over a certain period of time, IFAD should determine whether there is a capacity issue at the retail institution level, lack of motivation/willingness, or whether the current format through the MIX Market is not appropriate. Based on the problem, IFAD could take appropriate action. For projects that support community-based or linkage models, IFAD should offer a simple, alternative reporting system. A focus on simple repayment indicators (portfolio-at-risk) may be sufficient to understand performance of these institutions and is certainly better than no data at all. Finally, it could be useful to include the RIMS indicators in the Project Status Report template to ensure regular monitoring.
- **Verify accuracy of flagging system.** IFAD needs to check whether staff and consultants at all relevant levels are systematically using the same sub-component types used by PT to update the list of all rural finance projects and components. This could be done by polling relevant staff, providing a short, refresher training on coding for rural finance, and/or assigning a staff member or consultant to do a one-off review of project documents to check if all projects with rural finance were appropriately identified. Even seemingly small omissions, given the large average size of IFAD projects, could be quite significant. If there is a high level of accuracy, there would be no need for a more elaborate compliance mechanism. If there are problems, PT may need to re-think ways to improve the current manual system.
- **Begin to use performance-based contracts.** The structural distance between IFAD and the ultimate rural finance provider poses several practical challenges for an effective use of performance-based contracts. Contracts are with governments that may themselves be several steps removed from the retail provider. Thus, the Fund needs to creatively find ways to use performance-based contracting that adapts to this reality. PT could create sample performance-based contracts to be included in subsidiary loan agreements and prepare talking points for negotiations with governments as to why they are important. The agreements and understanding with governments should also be clear about the use of performance requirements in contracts, who is monitoring them, and who makes decisions to stop funding in cases of non-compliance. Those steps alone will usually not be sufficient unless a technically qualified IFAD

staff or consultant regularly monitors whether contracts have appropriate performance requirements, and whether those requirements are being tracked and enforced.

- **Promote stand-alone projects.** Experience shows that credit components in larger, multi-sector programs rarely perform because they do not receive sufficient technical input and management attention. As a result, rural poor people may not get the financial services they need. Staffing, systems for reporting, and incentives are usually aligned with the majority objective of the project, not the credit component. The main instrument, loans through government, adds a dimension which can further compromise meeting IFAD's sustainability objectives for rural finance. IFAD should design stand-alone rural finance projects whenever possible, partnering with institutions or other providers that have proven rural finance capacity. If a rural finance project has to be bundled into a larger project for transaction cost or other reasons, IFAD should ensure that the components are designed as if they were a specialized project so that they receive adequate technical attention.

- **Provide incentives and resources for staff participation in learning events.** To maximize opportunities and identify new types of partners, all IFAD staff, including CPMs, project staff, and the Technical Advisors in rural finance should keep abreast of what is going on with the initiatives of other donors, researchers, and practitioners. From the use of technology to appropriate government policy, the number of relevant topics that affect rural finance is increasing. Solutions to the specific challenges of rural finance can come from many areas and disciplines. Being aware of, and open to, different approaches, delivery mechanisms, and models is important to achieving IFAD's vision.

Methodology

SmartAid distills learning from over seven years of aid effectiveness work undertaken by CGAP with its members. The indicators draw on the consensus *Good Practice Guidelines for Funders of Microfinance* and a body of knowledge developed through peer reviews, country reviews, and portfolio reviews. Aid effectiveness experts from the Center for Global Development and OECD's Development Assistance Committee contributed crucial advice.

Feedback from funders confirmed that the five core areas of effectiveness at the heart of SmartAid present a comprehensive picture of what funders need to support microfinance effectively. After a pilot round in 2007 and an external evaluation, the Index was refined and streamlined. SmartAid 2009 is thus the baseline year.

SmartAid 2009 uses nine indicators to assess funders' internal management systems. Indicators are worth between 10 and 15 points each, for a total maximum of 100 points (see table). Different weights are assigned to indicators, giving more prominence to those that make a greater difference in a funders' work in microfinance. Accountability for results is a powerful element and accounts for 40 percent of the score. As the wise dictum goes, what cannot be measured, cannot be managed.

	Points	Range
★★★★★	90–100	Very Good
★★★★½	80–89	
★★★★☆	70–79	Good
★★★½☆	60–69	
★★★☆☆	50–59	Partially Adequate
★★½☆☆	40–49	
★★☆☆☆	30–39	Weak
★½☆☆☆	20–29	
★☆☆☆☆	10–19	Inadequate
½☆☆☆☆	0–9	

The Index is based on self-reported documentation from participating funders, following instructions in the SmartAid Submission Guide. Scores are determined by a review board of four microfinance specialists with broad experience with a range of funders. E ach review board member independently scores all funders against all indicators; final scores are agreed upon after discussion among reviewers. For each indicator, funders receive a score on a 0-5 scale (5 being the highest score). These scores are then multiplied by a factor of two or three to arrive at the 100 point scale. Averages as well as minimum and maximum scores shown in the graph in the Key Findings section change depending on the funders participating in each SmartAid round.

Dispersion among reviewers for the final scores was minimal. For all scores (per indicator and funder), the standard deviation was less than 0.5. Naturally, as a margin of error is unavoidable in this nature of exercise; funders should not give undue attention to differences of one or two points. The most strong and meaningful messages lie in where a funder performs along the range of scores for each indicator as well as whether its overall performance lies in the "very good," "good," "partially adequate," "weak," or "inadequate," range.

It may be difficult for funders to make improvements in all indicators simultaneously, but experience suggests that even the largest of institutions can make positive changes. Over time, CGAP will perform trend analysis on SmartAid results to track evolutions within and across microfinance funders.

SmartAid for Microfinance Index Indicators			
Strategic Clarity	**1**	Funder has a policy and strategy that addresses microfinance, is in line with good practice, and is based on its capabilities and constraints	15%
Staff Capacity	**2**	Funder has designated microfinance specialist(s) who are responsible for technical quality assurance throughout the project/investment cycle	15%
	3	Funder invests in microfinance/access to finance human resources	10%
Accountability for Results	**4**	Funder has a system in place that flags all microfinance programs and components	10%
	5	Funder tracks and reports on performance indicators for microfinance programs and components	10%
	6	Funder uses performance-based contracts in its microfinance programs and components	10%
	7	Funder regularly conducts portfolio reviews	10%
Knowledge Management	**8**	Funder has systems and resources for active knowledge management for microfinance	10%
Appropriate Instruments	**9**	Funder has appropriate instrument(s) to support the development of local financial markets	10%

Funders participating in SmartAid 2009

Agencia Española de Cooperación Internacional para el Desarrollo (AECID), Agence Française de Développement (AFD), African Development Bank (AfDB), European Commission (EC), Gesellschaft für technische Zusammenarbeit (GTZ), International Fund for Agricultural Development (IFAD), International Labour Organization (ILO), Multilateral Investment Fund (MIF), Swiss Agency for Development and Cooperation (SDC), United Nations Capital Development Fund (UNCDF)

About CGAP

CGAP is an independent policy and research center dedicated to advancing financial access for the world's poor. It is supported by over 30 development agencies and private foundations who share a common mission to alleviate poverty. Housed at the World Bank, CGAP provides market intelligence, promotes standards, develops innovative solutions, and offers advisory services to governments, microfinance providers, donors, and investors.

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