



1. **Strategic Clarity and Coherence:** The extent to which an agency-wide vision of microfinance exists and whether this vision and agency policies are in line with accepted good practice.
2. **Strong Staff Capacity:** Whether the microfinance focal unit has sufficient capacity and resources to provide skilled technical support to operational colleagues. Also, whether the overall level of technical capacity is adequate to ensure quality operations.
3. **Accountability for Results:** The level of knowledge of the microfinance portfolio (e.g., whether it is "visible" to the agency) and transparency on portfolio performance.
4. **Relevant Knowledge Management:** How well the agency learns from its own and others' experience through the creation, dissemination and use of practical, user-friendly knowledge.
5. **Appropriate Instruments:** Whether an agency has instruments that allow it to work directly with the private sector — a critical pre-condition for effectiveness in microfinance. The quality, range and flexibility of instruments are also crucial.