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AMAP FINANCIAL SERVICES KNOWLEDGE GENERATION PROJECT

Quarterly Report #12 : Year 4, Quarter 1

October 1 to December 31, 2006

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AMAP FINANCIAL SERVICES KNOWLEDGE GENERATION PROJECT

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Quarterly Report #12: Year 4, Quarter 1

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.



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I. INTRODUCTION

In September 2003, the Development Alternatives, Inc. (DAI) consortium was awarded one of the AMAP Financial Services Knowledge Generation task order contracts under the AMAP Microfinance IQC. The overall purpose of the project is to generate knowledge that will help move the microfinance field forward in its efforts to extend efficient, sustainable, and quality financial services to the poor. It is also expected that this new knowledge will help increase the capacity of EGAT/MD and its partner USAID missions to design and strengthen the implementation, monitoring, and evaluation of USAID-supported microfinance projects. This three-year effort will form part of an overall learning/management system that is intended to facilitate innovation and improvements to on-going projects and the development of new cutting-edge activities.

DAI'S PARTNERS IN FKSG

- ACCION International
- Alternative Credit Technologies
- The SEEP Network
- IMCC
- J.E. Austin
- Ohio State University, Rural Finance Program
- Bannock Consulting
- ECIAfrica
- QED LLC

The AMAP Financial Services Knowledge Generation (FSKG) project is composed of three components:

1. Core knowledge generation component. The bulk of the effort falls into this component. Knowledge generation activities includes, but is not limited to: research, applied research, action research, technical services, conferences, seminars and other activities, all of which feed into USAID's core long term microenterprise learning agenda.
2. Short term technical services component. This component will include short term technical services and training activities specified by technical directions provided to DAI from the Office of Microenterprise Development (OMD). These short term activities will also feed the core knowledge/learning agenda, but will be based upon requests from OMD and emerge as "windows of opportunity."
3. Knowledge management/collaboration component. This component will allow each of the contractors to support knowledge generation, synthesis and cross fertilization within the financial services sector of AMAP as well as across the two other sectors, Enabling Environment and Business Development Services.

The original contract award funded Component 1 only, and totaled \$4,773,991. Components 2 and 3 were funded in February 2004, each with an additional \$300,000, bringing the current total budget to \$5,373,991. On June 21, 2005 a third obligation of \$945,625 was made, bringing the obligated amounts to \$2,965,625. Finally, on May 24, 2006 a fourth obligation was made bringing the obligated total for the project to \$3,640,625. The allocation of the new obligation among Components 1, 2 and 3 remains under discussion.

II. STATUS OF COMPONENT ACTIVITIES: QUARTER 13

A. PROJECT MANAGEMENT

Summary of Progress: The Project Management Team, composed of Project Director Colleen Green, Deputy Project Director Catherine Johnston, Project Associate Carmel Pryor, met weekly to coordinate project activities, including:

- Finalizing and gaining approval for subcontractor task orders;
- Finalizing and gaining approval for individuals to complete research under the project;
- Drafting, submission, review, revision and approvals for topic and sub-topic work plans;
- Managing research teams and moving research forward;
- Coordinating with USAID and other key donors engaged in similar research and applied research activities;
- Coordinating with the Knowledge Management contractor on key inputs to research formats, research branding, style and design, processes, etc.; and
- Communicating with the broader consortium about activities and updates.

Project activity coordination continued on each of the topics approved in years one and two. A summary of current approval status for each research topics is shown in Table 1.

Work continued this quarter to advance knowledge management activities in coordination with other consortia (namely Chemonics) and with the USAID knowledge management contractor, QED. These activities are described in the Component 3 section below.

On April 27, 2006, DAI received notification from CTO Barry Lennon of the planned FY06 obligation of \$675,000 for the project. The notification included distribution of the research budget in response to DAI's Year 3 Workplan. The distribution of funds included the re-allocation of funds among research topics, in addition to the increases. DAI responded to this notification, informing USAID that there were several discrepancies between the funds required for previously approved workplans, and the revised allocation of funds reflected in the FY06 obligation. As of the end of this quarter, we still have not had formal resolution with USAID on this issue.

The AMAP FSKG contract was modified on May 24, 2006, increasing the total obligated amount by \$675,000 and extending the period of performance through September 29, 2008.

Starting in January 2007, DAI is requesting a change in the management of this project. Colleen Green will be stepping down as Project Director and will (pending approval) be replaced by Lauren Mitten.

Budget Expended to Date: Through first quarter of fiscal year 2007, \$422,795 have been expended on project management for labor and ODCs. While our tracker currently reflects a 25.6% overage in this line item, we have not yet allocated the recently obligated funds for 2006, which would include increased funding to this sub line item.

TABLE 1: TOPIC AND LEVEL OF EFFORT APPROVALS TO DATE

Topic	Days Approved 2004	Days Approved Contract	Status	Date Approved	Approved by	Form of Approval	Specific Activity Approved
Constraints and Potential of State Owned Retail Banks	125	250	approved	1/22/2004	Barry Lennon	Memo faxed to DAI	Work to begin under topic
Commercial Banks and MF Commercial Banks in MF MFI/Commercial Bank Linkages	187	315	approved	6/2/2005	Barry Lennon	Work plan approval dated 6/2/2005	Work to begin on two subtopics: Commercial Banks in Microfinance and Commercial Banks and MFI Linkages
Housing Products for Microfinance	22	300	approved	6/2/2005	Barry Lennon	Work plan approval dated 6/2/2005	The SOW was developed and approved by USAID.
HIV/AIDS Responsive Products	119	80	approved	6/2/2005	Barry Lennon	Work plan approval dated 6/2/2005	New SOW still pending
Defining Options	164	125	approved	6/2/2005	Barry Lennon	Work plan approval dated 6/2/2005	Work to begin on refining and delivering the Defining Options curriculum
Financial Standards Promotion	60	60	approved	1/22/2004	Barry Lennon	Memo faxed to DAI	Work to begin on Financial Standards Promotion Guide
Proving Microfinance Matters	150	150	approved	1/22/2004	Barry Lennon	Memo faxed to DAI	Work to begin on Proving Microfinance Matters
Rural and Agricultural Finance	20	360 (416 reallocated)	approved	3/3/2004	Barry Lennon	Email from 3/3/2004	Work plan Development
Rural and Agricultural Finance	4	360 (416 reallocated)	approved	6/9/2004	Barry Lennon/ Geoff Chalmers	Emails from 6/9/2004	Focus Note on ZATAC Investment Fund
Rural and Agricultural Finance	4	360 (416 reallocated)	pending				Focus Note on Rural Livelihoods; revision of concept required before approval will be granted
Rural and Agricultural Finance	332	360 (416 reallocated)	approved	10/28/2004	Barry Lennon	Email approval from 10/28/2004	Complete work as described in the Joint RAF Research Plan
Money Transfers and Remittances	119 (reallocated from 100 days)	100	approved	4/6/2/2005	Barry Lennon	Work plan approval dated 6/2/2005	Work to begin on the development of a Remittances Newsletter
MFI Guide to Technology	69	264	approved	6/2/2005	Barry Lennon	Work plan approval dated 6/2/2005	SOW for this activity was approved by USAID on 10/4/05
Credit Scoring	61	126	approved	6/2/2005	Barry Lennon	Work plan approval dated 6/2/2005	SOW for this activity was approved by USAID on 10/4/05

DCA Credit Enhancements	75	75	Approved	10/28/2004	Barry Lennon	Email approval from 10/28/2004	Work to begin on research work plan submitted August 2004
Private Debt Placements	55	55	Approved	10/28/2004	Barry Lennon	Email approval from 10/28/2004	Work plan to be revised; research to commence in 2005
The Role of Networks	75	75	approved	Activity Manager 3/19/2004, CTO 10/28/2004	Anicca Jansen, Barry Lennon	Jansen email from 3/19/2004; Lennon email approval from 10/28/2004	Work plan was revised and resubmitted; work to begin on the role of networks
Technical Instructions							
Defining Options	4.5	125	approved	10/8/2003	Barry Lennon	Technical Instruction Sent by Email	SEEP Conference-Sample of Defining Options course in October 2003
Rural and Agricultural Finance	7	7	approved	7/21/04	Lilly Villeda and Barry Lennon	Technical Instruction Sent by Email	From Component 3; to contribute review and insight into the development of the one-day BASIS Rural Finance Training Course
Financial Standards Promotion	15	15	approved	8/17/04	Barry Lennon	Technical Instruction Sent by Email	From Component 3 to provide additional LOE to complete the guide
Health and Microfinance	2	2	approved	1/28/05	Evelyn Stark, Barry Lennon	Technical Instruction Sent by Email	Approval of one day brainstorming session with the Poverty Office and Global Health plus one travel day for Michael McCord to discuss the link between health and microfinance
Creation of additional microNOTES for already approved topics	14	14	approved		Barry Lennon		From Component 3 to create new microNOTES on research already completed
Knowledge Management	87	87	pending	pending	Barry Lennon	Approval request sent by email on 12/1/05	From Component 3 to support the dissemination of AMAP FSKG research projects
MicroInsurance		48	Approved	6/13/2006	Barry Lennon	Email of 6/13/2006	From Component 2 for the production of 10 microNOTES and 2 speakers corners
Project Management	290	421	approved	6/2/2005	Barry Lennon in 2005 work plan approval	Task Order Contract	Project Management for Years One and Two

B. COMPONENT ONE: KNOWLEDGE GENERATION

THEME 1: INSTITUTIONAL AND INNOVATIVE MODELS FOR OUTREACH

Constraints and Potential of State-Owned Retail Banks

Summary of Progress: There is no further work under this topic.

Personnel Who Contributed to this Research: The following individuals have been approved to contribute to this research activity:

Researcher	Firm/Organization	Job Category	Level
Robin Young, Research Leader	DAI	Microenterprise Research Specialist	I
Colleen Green	DAI	Microenterprise Research Specialist	I
Jay Dyer,	DAI	Financial Analyst	I
Zan Northrip	DAI	Financial Analyst	I
John Gutin	DAI	Microenterprise Research Specialist	III
Robert Vogel	IMCC	Microenterprise Research Specialist	I
James Hansen	IMCC	Microenterprise Research Specialist	I
Petronillo Casuga	IMCC	CCN	
Gilberto Llanto	IMCC	CCN	
Cerstin Sander	Bannock Consulting	TCN	
Anju Aggarwal	Bannock Consulting	TCN	
Gerhard Coetzee	ECIAfrica	TCN	
Gerda Piprek	ECIAfrica	TCN	
Phetsile Dlamini	ECIAfrica	TCN	
Neil Brislin	ECIAfrica	TCN	
Tillman Bruett	ACT	Microenterprise Research Specialist	I
Carlos Abreu	DAI	Microenterprise Research Specialist	II
Bassem Adly	DAI	TCN	

Budget Expended to Date: A total of \$194,521 has been expended for the SORBs topic through December, 2006. This represents 112.8% of the total SORBs budget approved to date. The overage has been noted by the CTO and will be adjusted upon final notification from the CTO on the use of our 2006 obligation. Of the 125 days approved, a total of 215.7 days have been billed to the SORBs research activity. The difference in LOE is due to a reallocation of higher labor rate days to lower labor rate categories.

Commercial Banks and Commercial Bank/MFI Linkages

Under the topic Commercial Banks in Microfinance, two of the three subtopics have been approved. These two approved topics are Commercial Banks in Microfinance and Commercial Bank/MFI Linkages.

Commercial Banks in Microfinance

Summary of Progress: No work was completed in quarter 1 of fiscal year 2007 on the subtopic area Commercial Banks in Microfinance. There are still remaining funds, but no activities are currently being discussed with USAID.

Personnel Who Contributed to this Research: The following individuals have been approved for research on this activity:

Researcher	Firm/Organization	Job Category	Level
Robin Young, Research Leader	DAI	Microenterprise Research Specialist	I
Nancy Natilson	DAI	Microenterprise Research Specialist	I
Robert Dressen	DAI	Financial Analyst	I
Lynne Curran	ACCION International	Financial Analyst	I
Deborah Drake	ACCION International	Microenterprise Research Specialist	I
Cesar Lopez	ACCION International	Microenterprise Program Administrative Specialist	I

Commercial Bank/MFI Linkages

Summary of Progress: Deborah Burand's work examining the various linkage agreements and developing both a checklist of questions to be considered in forming a strategic alliance with a bank (from the MFI perspective) as well as a guide on the types of clauses that an MFI should include in a well thought out linkage agreement was submitted to the CTO in May 2006. To date, we have not received comment on the draft.

Personnel Contributing to this Research: The following individuals have been approved for research on this activity:

Researcher	Firm/Organization	Job Category	Level
Mary Miller, Research Leader	DAI	Financial Analyst	I
Colleen Green	DAI	Microenterprise Research Specialist	I
Hillary Miller	DAI	Microenterprise Research Specialist	II
Alexis Curtis	DAI	Microenterprise Research Specialist	III
Robin Bell	Bannock Consulting	Microenterprise Research Specialist	I
Ignacio Estevez	DAI	Microenterprise Research Specialist	I
Deborah Burand	DAI	Microenterprise Research Specialist	I

Budget Expended to Date for both Commercial Bank Topics: A total of \$194,521 has been expended for both subtopics through December 2006. This represents 689.1% of the total commercial banks in microfinance budget approved for FSKG. Of the 187 days approved for the commercial bank research, 141.1 days have been billed thus far.

THEME 2: MARKET RESEARCH AND NEW PRODUCT DEVELOPMENT

Housing Products

Summary of Progress: Urban Institute did not provide the final version of the Housing Microfinance MicroNote. It is planned for delivery to USAID in early January.

Urban Institute provided a brief analysis of a set of potential case studies evaluated according to the selection criteria listed below to assist USAID in making a selection for the research. Urban Institute also provided a cost proposal for completing the two case studies and the synthesis paper. A meeting is planned for early January to select case studies and assign the work.

Selection criteria for the international case studies include the following:

- Geographic representation
- Representation of strictly commercial MFIs and MFIs that also endorse “social” purposes
- Representation of MFIs with MFH as a limited loan product and MFIs/NGOs formed to promote housing
- MFIs with different income targets
- Representation of MFIs with innovative links to the banking sector/capital market and or to other delivery channels
- Innovative deals involving MFIs in slum upgrading

Potential case studies include:

- BRI, Indonesia
- Al Amana and/or Zakoura in Morocco
- Kuyasa Fund, South Africa
- MiBanco, Peru
- BancoSol, Bolivia
- JamiiBora, Kenya
- ACCION Network, Latin America
- Grameen or BRAC, Bangladesh
- UML, Tanzania
- Compartamos, Mexico
- NACHU, Kenya

Personnel Contributing to this Research: The following personnel have been approved for work on this topic:

Researcher	Firm/Organization	Job Category	Level
Nino Mesarina	ACCION	Microenterprise Research Specialist	I
Mery Solares	ACCION	TCN	
Sally Merrill	Urban Institute	Microenterprise Strategic Planning Specialist	I
Noah Fishman	Urban Institute	Microenterprise Research Specialist	III
Brooke Linkow	Urban Institute	Microenterprise Research Specialist	II

Budget Expended to Date: To date, \$11,428 have been expended on this topic and 13.4 days. This represents 19% of the budget.

HIV/AIDS Responsive Products and Services

Summary of Progress: During the period, DAI and MEDA completed technical assistance related to the AIDS mitigation work with four participating Mozambican MFIs—Banco Oportunidade, Male Yeru, Ophavela, Caixas das Mulheres de Nampula.

In November 2006, MEDA and DAI/ECI hosted the final learning event with the four MFIs on the lessons learned from undertaking the HIV/AIDS mitigation activities. The event was well attended, and included participants from the Mozambican health and HIV/AIDS sectors as well as the national government. Key take aways from the activity include:

1. Most mitigation activities should be done through strategic alliances – be those with a bank or financial service provider (e.g., insurance company), AIDS support organization or other health organization (such as one that provides home based care).
2. In the era of PEPFAR funding, MFIs can leverage free or low cost AIDS education and other services from PEPFAR funded organizations, in exchange for the health partner being able to count the MFI's clients/staff towards its PEPFAR targets. This is an excellent example of leveraging donor funds to benefit all sides.
3. We need to remember that MFIs are financial institutions. They cannot and should not do it all.
4. In terms of implementing these activities, an MFI needs to have both leadership in the board as well as in management in order for the activities to be successful.
5. For MFIs providing AIDS related services to clients and staff, AIDS and health information often needs to be presented often and in different forms. We need to use creative incentives to keep people interested in the topic.
6. At the sector level, there needs to be greater coordination between the health and microfinance sectors, particularly at the local level, but also with respect to dealing with government and government run AIDS programs. There needs to be an attempt to develop a common language.

Personnel Contributing to this Research: The following personnel are contributing (or have contributed) to this research initiative.

Researcher	Firm/Organization	Job Category	Level
Colleen Green, Research Leader	DAI	Microenterprise Research Specialist	I
Anita Fiori de Abreu	DAI	Microenterprise Research Specialist	III
Lauren Mitten	DAI	Microenterprise Research Specialist	II
Frances Bundred	ECI	TCN	
Dominique Browers	ECI	TCN	

Budget Expended to Date: To date, a total of \$53,444 have been spent on the topic as of December 31, 2006. To date only 37.8 days have been billed. This amount represents 46.2% of the total budget approved to date.

THEME 3: PUSHING THE FRONTIER – RURAL AND AGRICULTURAL FINANCE

Rural and Agricultural Finance

Summary of Progress:

Uganda Case Study. Final version submitted to USAID for review and approval.

RAFI Notes: There are no RAFI notes currently under production.

DAI has not received any additional instruction or direction from USAID for work under this topic.

Personnel Contributing to this Research: The following individuals have been approved to work on the rural finance work plan.

Researcher	Firm/Organization	Job Category	Level
Catherine Johnston, Research Leader	DAI	Microenterprise Research Specialist	II
Colleen Green	DAI	Microenterprise Research Specialist	I
Hillary Miller Wise	DAI	Microenterprise Research Specialist	II
Zan Northrip	DAI	Financial Analyst	I
Jenny Pan	DAI	Microenterprise Research Specialist	II
Alexis Curtis	DAI	Microenterprise Research Specialist	III
Claudio Gonzalez-Vega	OSU	Microenterprise Research Specialist	I
Jorge Rodriguez-Meza	OSU	Microenterprise Research Specialist	III
Sarah Lowder	OSU	Microenterprise Research Specialist	III
Rodolfo Quiros	OSU	CCN	
Alejandro Canadas	OSU	Microenterprise Research Specialist	III
Richard Meyer	OSU	Microenterprise Research Specialist	I

Budget Expended to Date: To date, a total of \$210,492 has been expended through December 31, 2006. This represents 55% of the total approved budget. A total of 193 days have been expended on rural and ag finance research.

THEME 4: IMPROVING MICROFINANCE MANAGEMENT

MFI Guide to Technology

Summary of Progress: During the this quarter, the team received comments from Nhu-An Tran on the survey report and was working on completing final edits at the end of December. Also during this time, the case study on cell phone and point of sale technology use was completed and submitted to activity manager, Nhu-An Tran for review.

Personnel Contributing to this Research: The following personnel has been approved to work on this research activity. Although John Cann was put forth as the research leader, his travel schedule is currently such that precludes him from active management of this research. Instead, Alice Liu has been acting as research manager, coordinating with ACCION and other DAI researchers on a regular basis.

Researcher	Firm/Organization	Job Category	Level
John Cann	DAI	Microenterprise Research Specialist	I
Alice Liu, Research Manager	DAI	Microenterprise Research Specialist	II
Alexis Curtis	DAI	Microenterprise Research Specialist	III
Cynthia Canelas	DAI	Microenterprise Research Specialist	II
Susana Barton	ACCION	Microenterprise Research Specialist	I
Carlos del Busto	ACCION	TCN	
Billy Vera	ACCION	TCN	
Raul Gomez Velasquez	ACCION	TCN	
Deborah Drake	ACCION	Microenterprise Research Specialist	I
Rekha Reddy	ACCION	Microenterprise Research Specialist	II

Budget Expended to Date: As of December 31, 2006, \$71,178 have been spent on this topic. This represents 92.8% of the approved budget. Of the 68 days of LOE approved, 102.5 days have been used to date. The overage in LOE is due to changes in staffing – lower level staff were approved to work on this project than initially anticipated.

Disseminating the Defining Options Curriculum

Summary of Progress: Work under this topic has been completed.

Personnel Contributing to this Research: The following individuals are approved to work on this research topic.

Researcher	Firm/Organization	Job Category	Level
Colleen Green, Research Leader	DAI	Microenterprise Research Specialist	I
Mary Miller	DAI	Microenterprise Research Specialist	I

Jenny Pan	DAI	Microenterprise Research Specialist	III
Frances (Fraser) Bundred	ECI	TCN	
Petronella Chigara	ECI	TCN	
Dominique Brouwers	ECI	TCN	
Tatiana Mata	ECI	TCN	

In addition, the four trainers who will be conducting the AMAP training are: Grace Sabageni, David Musona, Olive Kabatalya and Edward Kiyaga. These individuals are being hired under professional services contracts by ECI, and thus do not affect the project's limited level of effort.

Budget Expended to Date: A total of \$218,297 have been expended through December 31, 2006. This represents 99.2% of the total funding approved for this project. Of the 163.5 days approved for this topic, 155.9 days have been billed to this research topic.

Remittances and Money Transfers

Summary of Progress: The *Migrant Remittances* newsletter team produced the 8th issue of the newsletter, which focused on worldwide trends in international remittances. Articles included:

- Remittances and Financial Intermediation
- Research Note: Regulatory Environments of Money Transfers
- Guest Article: Solutions and Recommendations from Regulators and Industry Players with Regard to
- International Money Transfers
- Country Profile: Paraguay

Manuel Orozco and Bryanna Millis developed an annual work plan and budget outlining a number of projects to be completed in 2007 in Nigeria, Mexico, and possibly Nicaragua. Manuel has also begun to provide support to the Armenia Mission on remittances-related programming. The Nigeria work has been approved and is underway to look into the extent of competition in the remittance market between the United States and Nigeria, the effectiveness and efficiency of remittance payments domestically outside Lagos and the possibility and feasibility of introducing alternative payment mechanisms.

Personnel Contributing to this Research: The following personnel are approved for work on this topic. Note: not all staff approved are currently working on the topic.

Researcher	Firm/Organization	Job Category	Level
Manuel Orozco, Editor - CURRENT	InterAmerican Dialogue	Microenterprise Research Specialist	I
Maria Jaramillo- CURRENT	ACCION International	Microenterprise Research Specialist	II
Catherine Johnston – CURRENT	DAI	Microenterprise Research Specialist	II
Juliette Gelbard - CURRENT	DAI	Microenterprise Research Specialist	III
Anna Lindley – CURRENT	DFID		
Bryanna Millis --CURRENT	DAI	Microenterprise Research Specialist	II
Anke Wolfe, Editor – PAST	DFID		
Cerstin Sander, Editor - PAST	DFID and Bannock Consulting	TCN	

Anju Aggarwal – PAST	Bannock Consulting	TCN	
Enrique Mendizabal - PAST	Bannock Consulting	TCN	
Vicky Seymour – PAST	DFID	TCN	
Robert Vickers – PAST	DAI	Microenterprise Research Specialist	III
Sarah Berghorst – PAST	DAI	Microenterprise Research Specialist	III

Budget Expended to Date: To date, \$39,963 has been expended to date through December 31, 2006. This represents 34.2% of the total approved budget. Of the 119 days approved for this topic, 56.2 have been billed thus far.

Credit Scoring for Microfinance

Summary of Progress: All research under this topic has been completed to date.

Personnel Contributing to this Research: The following personnel have been approved to work on this research topic.

Researcher	Firm/Organization	Job Category	Level
Dean Caire	Bannock Consulting (DAI Europe)	Microenterprise Research Specialist	I
Jay Dyer	Bannock Consulting (DAI Europe)	Microenterprise Research Specialist	I
Susana Barton	ACCION	Microenterprise Research Specialist	I
Alexandra de Zubiria	ACCION	TCN	
Neil Brislin	ECIAfrica	TCN	
Frances (Fraser) Bundred	ECIAfrica	TCN	

Budget Expended to Date: To date, \$49,395 have been billed on this topic thus far. Of the 61 days allocated for this research, a total of 50.1 have been billed to date.

Promotion of Financial Standards

Summary of Progress: This research topic has been completed. All final deliverables have been posted on microLINKS.

Personnel Contributing to this Research: We have received approval for all personnel working on this topic:

Researcher	Firm/Organization	Job Category	Level
Till Bruett	ACT	Microenterprise Research Specialist	I
Dana Dekanter	SEEP Network	Microenterprise Research Specialist	I
Sharyn Tenn	SEEP Network	Microenterprise Research Specialist	II

In addition, members of the SEEP Financial Services Working Group provided volunteer time to the activity.

Budget Expended to Date: To date, a total of \$129,261 has been expended for this topic. This represents 117.3% of the total approved budget. Additionally, 66.6 days of the approved 56.6 days have been billed thus far. This topic is over budget and we have requested that this sub line item be modified.

THEME 5: GAINING ACCESS TO CAPITAL

Private Debt Placements/Guarantee Research

Summary of Progress: During the final quarter of 2006, much planning took place regarding future work under this topic and the related topic, DCA Credit Enhancements. Going forward, the two topics will be combined.

During this quarter, Carlos Abreu, the Research Leader, worked to coordinate AMAP FSKG’s efforts with the Office of Development Credit (ODC). ODC committed to doing three case studies FOGAPI- Peru, Deutsche Bank and Women’s World Banking- Colombia. In the end ODC only financed and completed two and of the three because Women’s World Banking would not commit to participating in the Colombia case study.

As of this writing, it is still the intent of the project to complete other DCA and non-DCA guarantee case studies. The case studies would become the basis for the creation of a handbook for use by USAID Missions that wish to utilize credit guarantees to facilitate the access to finance for MFIs. The handbook would not only lay out how to use guarantees to leverage additional funding for microfinance, but will include information on how to use different guarantee transaction structures, including ones not previously implemented by DCA, but implemented by other entities for this purpose.

Specifically, the potential cases still to be researched include:

- BRAC, Bangladesh (bond guarantee/securitization – non-DCA)
- Grameen foundation (loan guarantee for syndicated loan or bond guarantee for MFI private placement)
- Blue Orchard (OPIC bond guarantee)
- FAULU, Kenya (bond guarantee)

The handbook and all of the cases listed above with the exception of Deutsche Bank, WWB Colombia and FOGAPI, which will be financed by ODC, are still under discussion with the AMAP FSKG CTO.

Personnel Contributing to this Research: The following individuals have been approved to contribute to this research.

Researcher	Firm/Organization	Job Category	Level
Mary Miller	DAI	Financial Analyst	I
Robert Dressen	DAI	Financial Analyst	I
Carlos Abreu, Research Leader	DAI	Financial Analyst	II
Till Bruett	SEEP Network	Financial Analyst	I
Andrew Ippini	DAI	Microenterprise Research Specialist	III

Budget Expended to Date: To date, a total of \$23,628 have been billed to this topic. This represents 33.7% of the total approved budget. 27.3 days of the approved 55 days have been billed thus far.

DCA Credit Enhancements

Summary of Progress: The DCA case studies on Morocco and Mexico were also sent to the CTO this quarter for final comment. DAI has received feedback on the Morocco case study and will finalize the report early in the next quarter. We are also awaiting final approval of the Mexico case study.

For other updates, see also the Private Debt Placements topic.

Personnel Contributing to this Research: The following individuals are expected to contribute to the research.

Researcher	Firm/Organization	Job Category	Level
Mary Miller, Research Leader	DAI	Microenterprise Research Specialist	I
John Jepsen	DAI	Microenterprise Research Specialist	II
Carlos Abreu	DAI	Microenterprise Research Specialist	II
Andrew Iappini	DAI	Microenterprise Research Specialist	III

Budget Expended to Date: A total of \$43,996 has been expended through December 31, 2006 towards the completion of the work plan. This represents 45.2% of the total approved for this topic. Of the 75 days approved, 56.8 days have been expended.

THEME 6: ENABLING ENVIRONMENT FOR MICROFINANCE

Network Research

Summary of Progress: Research under this topic has been completed. No other research is planned at this time.

Personnel Contributing to this Research: The following individuals have been approved to carry out the research under this topic.

Researcher	Firm/Organization	Job Category	Level
Sharyn Tenn	SEEP Network	Microenterprise Research Specialist	II
Patrick McAllister	SEEP Network	Microenterprise Legal and Regulatory Specialist	I

Budget Expended to Date: To date, \$96,073 have been expended through December 31, 2006. This represents 101.1% of the total approved budget. 61.1 days have also been expended. We have notified the CTO of this overage and have requested the additional amount be added to this sub-line item.

Proving Microfinance Matters

Summary of Progress: Work under this topic has been discontinued. Pending final approval, the USAID CTO will reallocate funding under this topic to other research topics.

Personnel Contributing to this Research: The following individuals have been submitted for approval to work on this topic.

Researcher	Firm/Organization	Job Category	Level
Colleen Green, interim research leader	DAI	Microenterprise Research Specialist	I
Zan Northrip	DAI	Financial Analyst	I
Jorge Rodriguez-Meza	OSU	Microenterprise Research Specialist	II
Claudio Gonzalez- Vega	OSU	Microenterprise Research Specialist	I
Lily Zandiapour	QED	Microenterprise Research Specialist	I
Pat Vondal	QED	Microenterprise Research Specialist	I
Ulrich (Rick) Ernst	DAI	Financial Analyst	I
Don Snodgrass	DAI	Microenterprise Research Specialist	I
TBD	DAI/SEEP/OSU	Microenterprise Research Specialist	I, III, I

Budget Expended to Date: A total of \$38,814 have been expended on this research topic. This amount represents 20.9% of the total approved budget and only 37.5 days of level of effort.

Component 2: Technical Services

Michael McCord continued to produce the Microinsurance Notes series. Microinsurance Note 2 was completed, providing an overview of microinsurance delivery channels. Insurers like ICICI Lombard and ICICI Prudential in India, AIG and Allianz in Indonesia, Gemini Life in Ghana, SurAmericana Insurance in Colombia, and many others are developing efficient delivery channels by working with a variety of intermediaries. These intermediaries are diverse, including microfinance institutions, employers of low income workers, unions, cell phone top-up card vendors, postal services, church groups, credit unions, CBOs, retail chains, computer kiosks, funeral service providers, and hospitals. Insurers understand that these channels can help reduce premiums, and also meet the need of the low-income market to buy from people or organizations they trust. Insurers, particularly in India and South Africa, have been propelled into identifying delivery channels by regulatory requirements to serve low-income markets. In several cases, intermediaries themselves have initiated a partnership with an insurance firm in order to offer products to their members or clients.

Microinsurance Note 3 is under production. It will provide an in-depth examination of the strengths and weaknesses of microfinance institutions as microinsurance intermediaries. Microinsurance Notes 3, 4 (product development), 5 (life microinsurance), and 6 (health microinsurance) are scheduled for delivery in the next quarter.

Budget Expended to Date: As of December 31, 2006, \$7,488 has been billed to this line item. This represent 5.8 days of work by Michael McCord.

Component 3: Knowledge Management and Dissemination

There were no knowledge management activities that took place during this past quarter.

Budget Expended to Date: To date, a total of \$124,848 have been expended for knowledge management related activities as well as for other technical instructions that have been issued under this line item. This amount represents 62.4% of the total approved amount under Component 3. To date, 104.1 days have been billed to this component.

III. PROJECT EXPENDITURES

The total project expenditures for Quarter 13 are provided in a separate attached spreadsheet accompanying this quarterly report. Project expenditures are broken out by Labor and Other Direct Costs (ODCs). A total of \$1,811,032 has been expended on this project through December 31, 2006. This represents 62.7% of the total work approved to date. Additionally, a total of 1,339.3 days have been expended on the project.