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AMAP FINANCIAL SERVICES KNOWLEDGE GENERATION PROJECT

Quarterly Report #15 : Year 4, Quarter 4

July 1 to September 30, 2007

This publication was produced for review by the United States Agency for International Development. It was prepared by Lauren Mitten and Catherine Johnston for Development Alternatives, Inc.

AMAP FINANCIAL SERVICES KNOWLEDGE GENERATION PROJECT

CONTRACT NO. GEG-I-01-02-00011

Task Order no. 01

Quarterly Report #14: Year 4, Quarter 3

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 effort will form part of an overall learning/management system 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 USAID made a fourth obligation, bringing the obligated total for the project to \$3,640,625. USAID decided the allocation of the new obligation among Components 1, 2 and 3 on February 12, 2007.

II. STATUS OF COMPONENT ACTIVITIES: QUARTER 13

A. PROJECT MANAGEMENT

Summary of Progress: The Project Management Team, composed of Project Director Lauren Mitten, Deputy Project Director Catherine Johnston, Project Associate Donata Kane, 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;
- Developing the FSKG work plan covering the remaining contract period;
- 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. Table 1 contains a summary of current approval status for each research topics.

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. On February 12, 2007, DAI received approval from Ms. Nhu-An Tran, the new AMAP FSKG CTO, regarding the revised allocation of funds.

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

In January 2007, Colleen Green stepped down as Project Director. Lauren Mitten has assumed this role

Budget Expended to Date: Through fourth quarter of fiscal year 2007, DAI expended \$471,033.26 on project management labor and ODCs.

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 \$194,521.00 has been expended for the SORBs topic through June 2007. This represents 100% of the total SORBs budget approved to date. 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: We did not complete work in quarter 4 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: DAI has been in communication with Deborah Burand and USAID about restarting Ms. Burand's work on developing a guide for MFIs interested in forming strategic alliances with commercial banks. Ms. Burand has suggested expanding the scope to include: 1) a broad overview of developments in off-balance sheet financing techniques (and the drivers of those types of financings), 2) illustration of the partner/agency model as an example of an off-balance sheet financing technique for MFIs and also as a possible precursor to more sophisticated off-balance sheet financing techniques (like securitizations), and 3) development (and delivery) of a public presentation of the negotiation/documentation guide that can be used for microfinance audiences.

It is expected that Ms. Burand will complete the guide next quarter.

DAI and MicroSave finalized the MicroSave purchase order for the savings study in India. The purchase order is signed, and MicroSave will begin work in January 2008.

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 \$194,815 has been expended for both subtopics through September 2007. Of the 187 days approved for the commercial bank research, DAI has billed 141.75 days thus far.

THEME 2: MARKET RESEARCH AND NEW PRODUCT DEVELOPMENT

Housing Products

Summary of Progress: DAI mobilized consultants to conduct field research and received final draft reports from the authors of the following case studies:

- Habitat for Humanity partnership with the microfinance providers Capital Aid Fund for the Employment of the Poor and the Vietnam Women’s Union (researcher Amy Davis Kruize)
- Integral, ACOVI, and FUNDASAL in El Salvador (researcher Joan Hall)
- NACHU Kenya (researchers Sally Merrill and Angela Wambugu)
- Morocco Case Study 1: Housing Microfinance: Role of Government and Donors (researchers Richard Martin and Ashna Mathema) (draft TBD Oct 15)
- Morocco Case Study 2: Housing Microfinance: MFIs and Commercial Banks (researchers Richard Martin and Ashna Mathema) (draft TBD Oct 15)

DAI also contracted James Hokans of Bankable Frontiers to write a synthesis paper for the housing microfinance topic. On September 18, DAI convened a three hour roundtable discussion of leaders in the housing microfinance field, facilitated by James Hokans and Catherine Johnston. The participants included Lauren Moser of Shorebank Consulting, Richard Shumann of CHF International, Carlos Martin of Development Innovations Group, and Sashi Selvendran of USAID. The roundtable provided an opportunity to hear varied perspectives and to gather additional information on current field experience. The researcher will address the following key questions through the production of a 20-25 page paper which will incorporate examples from the case studies listed above and other examples from the field:

1. Is housing microfinance a viable, replicable model or product? Why or why not?
2. Which models are more appropriate for which institutions? (strengths/weakness of each)
3. Which focus might be more appropriate for which types of institutions?
4. How can donors better support housing microfinance?
5. What is the role of the government or enabling environment in supporting or limiting HMF?
6. Areas for further study

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
Amy Davis Kruize	ICA	Microenterprise Research Specialist	I
Joan Hall	ICA	Microenterprise Research	I

		Specialist	
Richard Martin	ICA	TCN	
Ashna Mathema	ICA	Microenterprise Research Specialist	I
James Hokans	ICA	Microenterprise Research Specialist	I

Budget Expended to Date: To date, \$75,643.51 and 57.13 LOE days have been expended on this topic.

HIV/AIDS Responsive Products and Services

Summary of Progress: The Mozambique HIV/AIDS and microfinance final report was finalized and posted on MicroLINKS.

DAI completed the first microNOTE in the HIV/AIDS and Microfinance MicroNOTE series. This NOTE is titled “Achieving a Common Understanding: What AIDS Support Organizations and Microfinance Institutions need to Know about Working in HIV/AIDS Prevalent Communities.”

Working together, AIDS Support Organizations (ASOs) and microfinance institutions (MFIs) can play an important role in mitigating the devastating effects of HIV/AIDS on poor households and communities. To form appropriate partnerships, ASOs and MFIs need to reach a common understanding. ASOs need to understand the basic objectives of microfinance as well as the drivers of MFI decision-making. Similarly, MFIs must understand how working in an HIV/AIDS prevalent environment affects their operations and their clients. Partnerships between MFIs and ASOs should draw upon the core competencies of both types of organizations. Speaking a common language means that MFIs and ASOs understand their own and each others strengths and limitations. This understanding allows each to focus on implementing activities that are appropriate and complementary to address the socio-economic challenges faced by HIV/AIDS-affected households and communities.

This microNOTE aims to create a common understanding between ASOs and MFIs by improving the information gap between these two types of organizations. This microNOTE examines the reasons that ASOs and MFIs are concerned about increased household vulnerability due to HIV/AIDS and explains the role that microfinance can play in addressing this vulnerability. It also defines key terms used in both the microfinance and the health services fields to ensure that both groups understand each others language. Finally, this microNOTE addresses but does not provide detailed description of the mechanisms for forming strategic partnerships between ASOs and MFIs, which will be the focus of the second microNOTE in this series.

DAI is awaiting comments/feedback from USAID before finalizing and posting this document on microLINKS.

During the quarter, DAI finalized the SEEP task order for the HAMED on-line guide. SEEP has selected the web-design firm and has begun work adapting the HAMED guide content to an on-line format.

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	I

		Specialist	
Anita Fiori de Abreu	DAI	Microenterprise Research Specialist	III
Lauren Mitten, Research Leader (new)	DAI	Microenterprise Research Specialist	II
Frances Bundred	ECI	TCN	
Dominique Browsers	ECI	TCN	

Budget Expended to Date: To date, a total of \$87,500.25 and 57.69 LOE days have been spent on the topic as of September 2007.

THEME 3: PUSHING THE FRONTIER – RURAL AND AGRICULTURAL FINANCE

Rural and Agricultural Finance

Summary of Progress:

Uganda Case Study. Final Draft submitted to USAID.

DCA/Loan Guarantees for Rural and Agricultural Finance: A scope of work was developed and approved for Research Leader Mary Miller to study a set of three DCA guarantees that were structured to support warehouse receipt lending in Zambia, Uganda and Kenya. All three of these guarantees had very little utilization, and USAID is interested to study these cases to understand more about warehouse receipt systems, keys to success, and lessons learned. The research will provide a comparison of the warehouse receipts systems and warehouse receipt lending across the three Sub-Saharan African countries. The purpose of this research is three-fold:

- Analyze the warehouse receipts systems in place at the time of the guarantees, and any progress made to date towards fully developed warehouse receipts systems
- Analyze the development and structure of the DCA guarantees to support development of warehouse receipts lending
- Determine if lending to target value chains was occurring without use of the warehouse receipt system or the DCA, or if warehouse receipt lending to non-target value chains was occurring, and if so, why
- Document successes, failures, and lessons learned from the Zambia, Kenya, and Uganda warehouse receipt systems and DCA experience.

The report will include a description of the necessary and desirable conditions for a successful warehouse receipt system (without consideration of donor intervention). This “ideal case” will be used to analyze the real cases in the three countries, to identify gaps and analyze their impact on the success of the system.

Documentation of IGP Learning: No activity occurred on this research activity. To be continued in the next quarter.

Value Chain Finance Guidelines: USAID is developing a set of guidelines for incorporating value chain finance into the USAID Value Chain Framework. Mary Miller and Catherine Johnston participated in two in-depth discussion meetings and contributed to the drafting of the Guidelines. The Guidelines are expected to be completed in the next quarter.

Value Chain Finance Action Research: USAID has requested DAI conduct action research within USAID field projects to incorporate the value chain finance guidelines into the existing value chain

development activities, or the existing rural finance activities. DAI met with the Activity Manager Anicca Jansen and has proposed three projects for participation in this action research: Kenya Access to Rural Finance, Mexico AFIRMA, and Liberia Community Infrastructure Project. DAI will develop and propose specific scopes of work in the next quarter.

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
Mary Miller	DAI	Microenterprise Research Specialist	I
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 \$225,468.91 has been expended through September 2007. A total of 204.81 days have been expended on rural and agricultural finance research.

THEME 4: IMPROVING MICROFINANCE MANAGEMENT

MFI Guide to Technology

Summary of Progress: DAI received approval for Tim Sparkman, Microenterprise Research Specialist level III, to work with Ms. Alice Liu, the DAI Research Manager, on the outsourcing activity.

During the period, Ms. Liu and Mr. Sparkman engaged in several efforts to explore ICT solutions to MFI management issues:

- On August 15, 2007, Ms. Liu was one of three presenters in a World Bank Videoconference organized by the Latin America and the Caribbean Knowledge Management Team. She gave a 30-minute Powerpoint presentation that summarized the “Client-Focused MFI Technologies Case Study” published by DAI and ACCION International, and participated in the Q&A session that followed.

- Ms. Liu and Mr. Sparkman attended a meeting of the Microfinance Technology Council hosted by CGAP, with representatives from USAID, Grameen Bank and ACCION present, to discuss our similar interests in exploring outsourced solutions and how the AMAP FSKG research could complement the research and projects that CGAP and the Microfinance Technology Council are planning. At the meeting the group identified three main components of research and decided that DAI would be responsible for the first component as detailed in the following paragraph.
- Ms. Liu, with the Mr. Sparkman's assistance, composed a statement of work to produce case studies of mainstream small banks in the developed world that have outsourced their core banking MIS, to demonstrate the viability and cost/benefit for these banks. These studies will detail the experiences of several small US banks and at least one US MFI that have decided to outsource their core banking management information systems, and will include the results of in-depth interviews with technology providers. The statement of work and budget will be finalized in early Q4 2007 and the research will commence shortly thereafter.

Personnel Contributing to this Research: The following personnel has been approved to work on this research activity. Alice Liu is the DAI 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	I
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
Tim Sparkman	DAI	Microenterprise Research Specialist	III

Budget Expended to Date: As of September 30, 2007, DAI expended \$81,547.77 on this topic. Of the 68 days of LOE approved, 107.78 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
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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	

Budget Expended to Date: A total of \$218,297 have been expended through September 30, 2007. This represents 99.2% of the total funding approved for this project. Of the 163.5 days approved for this topic, DAI billed 155.9 days to this research topic.

The Missing Middle: Middle Management Training for MFIs

Summary of Progress:

During the period, DAI finalized the scopes of work for the ILO middle management training with the ILO, received USAID approval, and submitted a draft purchase order to ILO for review. Additionally, DAI negotiated a subcontract (scope of work and budget) with QED to complete the knowledge management piece of the activity. We anticipate that both ILO and QED will begin their respective activities in November.

Personnel Contributing to this Research: The following personnel are approved for work on this topic.

Researcher	Firm/Organization	Job Category	Level
Lauren Mitten, Research Manager	DAI	Microenterprise Research Specialist	II
Kristine Powers	QED	Microenterprise Research Specialist	I
Ecaterina Marshall	QED	Microenterprise Research Specialist	I
Lucie Lamamoureux	QED	TCN	

Through the purchase order with ILO, the ILO will be providing a cadre of trainers.

Budget Expended to Date: To date, DAI has expended \$7,500.49 and a total of 6.63 days.

Money Transfers and Remittances

Summary of Progress:

Newsletter

The newsletter team (Manuel Orozco, IAD, and Anna Ferro, DFID) is in the process of producing the 12th issue of the newsletter, to be distributed in October.

Research

2007-2008 Workplan	
Understanding the U.S- Nigeria Remittances Corridor	April-October 2007
Household Survey/Analysis of Remittance Flows to Armenia	March-January 2008
Analysis of alternative payments in Mexico	3 rd quarter 2007, 1 st of 2008
Good practices guidelines for household surveys	2008
Lessons learned from MFI-remittances linkages	3 rd quarter 2007, 1 st of 2008

Understanding the U.S- Nigeria Remittances Corridor

The research team (Manuel Orozco, IAD, and Bryanna Millis, DAI) undertook field work in Lagos in late July and are close to completion on the final research report. The report describes the findings of the sender and receiver surveys, an analysis of the competitive conditions for remittances in Nigeria (and from key sending locations such as the US and UK), and provides a number of recommendations for future USAID-funded programs. These recommendations include activities in the following general areas:

1. Enhancing competition (I): Problematizing exclusive agreements
2. Enhancing competition (II): Deepening inclusion of NBFIs
3. Enhancing competition (II): Alternative partnerships
4. Mobile transfers: increasing the linkages and piloting with MG
5. Financial literacy as pilot project with banks
6. Technical assistance to deepen financial access
7. Trade fair on money transfers and innovative products and technology

Household Survey/Analysis of Remittance Flows to Armenia

The Armenia Survey began in August and interviews should be completed in the near future. The current database contains responses to 2800 questionnaires, and an additional 50 are expected. Manuel will likely consult with the team in Armenia in December, 2007.

Analysis of alternative payments in Mexico: A trip to Mexico is tentatively planned for late October-early November to meet with alternative payers. Additional meetings with US headquarters of these companies will begin in November.

Lessons learned from MFI-remittances linkages: A SOW for a financial sector specialist with deep familiarity with CPM in Mexico is under discussion with USAID. Work on this area is expected to begin in December.

Other activities

The following activities were not funded by AMAP-FSKG, but were meetings attended by research staff.

IAD conference: September 19, 2007 (M. Orozco, B. Millis)

Luncheon discussion on:

- The consolidation of money transfer companies, the rapid diversification of the marketplace, and continuing price declines in most corridors, driven mainly by greater competitiveness.
- Evolving patterns of remittance flows to Latin America, the new and emerging challenges to remittance transfers, and the potential for US policy to effectively engage the region's long-neglected social agenda.

- Exchange ideas about what changes in US policy would be most helpful in facilitating growth of the transfer industry, making remittance transfers more relevant to development and growth in Latin America.

International Forum on Remittances 2007: October 18 and 19, 2007 (M. Orozco, B. Millis)
IFAD-sponsored conference on the reality and prospects in globalization, remittances, and rural development.

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
Bryanna Millis – CURRENT	DAI	Microenterprise Research Specialist	II
Anna Ferro - CURRENT	DFID		
Maria Jaramillo- PAST	ACCION International	Microenterprise Research Specialist	II
Juliette Gelbard - PAST	DAI	Microenterprise Research Specialist	III
Catherine Johnston – PAST	DAI	Microenterprise Research Specialist	II
Anna Lindley – PAST	DFID		
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: As of September 30, 2007, \$127,351.70 has been expended through the life of the project. DAI has billed 113.41 days.

Credit Scoring for Microfinance

Summary of Progress: All research under this topic is complete.

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: DAI billed \$49,903 for this activity. 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: DAI has expended a total of \$129,261 for this topic. This represents 100% of the total approved budget. DAI billed 66.6 days of the approved 56.6 days.

THEME 5: GAINING ACCESS TO CAPITAL

Private Debt Placements/Guarantee Research

Summary of Progress: DAI and USAID combined the Private Debt Placements/Guarantee Research and DCA Credit Enhancements topics.

During the period, Brooke Jones, a DAI independent consultant, completed the first draft of the case study research on the DCA guaranteed for the Women’s World Banking Cali. Mary Miller is revising the document to be submitted to USAID for review next quarter.

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
Brooke Jones	DAI	Microenterprise Research Specialist	III

Budget Expended to Date: To date, a total of \$23,628 have been billed to this topic. This represents 19.7% of the total approved budget. 27.3 days of the approved 55 days have been billed thus far.

DCA Credit Enhancements

Summary of Progress: DAI posted the Mexico DCA case study on MicroLINKS.

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 Ippini	DAI	Microenterprise Research Specialist	III

Budget Expended to Date: A total of \$44,329 has been expended through September 30, 2007 towards the completion of the work plan. This represents 29.9% of the total approved for this topic. Of the 75 days approved, 56.7 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 September 30, 2007. This represents 100% of the total approved budget. 61.1 days have also been expended.

Proving Microfinance Matters

Summary of Progress: Work under this topic has been discontinued. The USAID CTO reallocated 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: DAI expended \$38,814 (or 100% of the new approved funded amount) and 37.5 days of level of effort.

Component 2: Technical Services

Two pieces of work have taken place under this component: The Microinsurance Notes series and Defining Options in Haiti. The Defining Options in Haiti activity is complete.

Microinsurance Notes Series:

Michael McCord continued to produce the Microinsurance Notes series. Microinsurance Note 7: Life Microinsurance was finalized and published. Demand research among low-income people consistently finds demand for risk management tools that could help them cope with financial issues related to the death of a breadwinner. Client-responsive products with a high value for money have the potential to improve sustainability of the family and facilitate continued human capital growth into the next generation. The Microinsurance Note examines a variety of forms of life microinsurance, including family income assistance, funeral coverage, and credit life insurance, and a variety of delivery channels for the products.

In the next quarter, a Speaker's Corner will be held, and the remaining three Microinsurance Notes should be drafted.

Budget Expended to Date: As of September 30, 2007, DAI billed \$47,203.72 for this activity.

Component 3: Knowledge Management and Dissemination

A knowledge management workplan for the remaining period of the contract was developed, submitted and approved in conjunction with the project Annual Workplan.

Budget Expended to Date: To date, a total of \$140,871.09 has been expended for knowledge management related activities as well as for other technical instructions that have been issued under this line item.

III. PROJECT EXPENDITURES

The total project expenditures for Quarter 15 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 \$2,253,982.83 has been expended on this project through September 30, 2007. Additionally, a total of 1,935.80 days have been expended on the project.