

ARD / CAPP COLOMBIA AGRIBUSINESS PARTNERSHIP PROGRAM



Year Three Work Plan Supplement Calendar 2005

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Year Three (2005) Work Plan Supplement

1) Introduction

This Year Three Work Plan is a supplement to the recently issued First Quarter FY '05 Quarterly Report that went into considerable detail about CAPP's operations for the Second Quarter of FY '05 (the first quarter of calendar 2005), and provided basic information in the Third Quarter of FY '05 (the second quarter of calendar 2005). Therefore, this Plan does not discuss the same information. This Plan does focus on full calendar year objectives and important challenges to achieving those objectives.

The Plan is illustrated by five Figures that show the progress of CAPP's major objectives of developing proposals and launching Projects, then Reviewing, Evaluating, Verifying and Advising (REVA) signed Projects. Major focus is placed on the key indicators, new hectares, families benefited and workdays created, that will be achieved via CAPP's 2005 plans. Also include is a map showing the municipalities where CAPP Projects are or will be implemented including a comparison to USAID's geographic areas of focus.

2) 2005 Monthly Activities Progress Projection - GANT chart

CAPP's Year Three Work Plan is illustrated by Figure 1, a GANT chart showing the progress of proposals and Projects through CAPP's proposal development and Project REVA processes. As presented in Figure 1, CAPP anticipates passing 11 additional projects into Implementation in 2005 for a total of 38 Projects developed and passed into implementation at year-end. We also anticipate signing a total of 20 support instruments during 2005 for a total of 38 Project agreements signed by year-end. However, during 2005 four additional Projects will be completed. Therefore, at the end of 2005 there will be 32 Projects in various stages of implementation and CAPP will be performing REVA on all 32.

3) Key 2005 Challenge

A very important aspect of Figure 1 is the active "Projects in the System" row at the bottom of the chart. The number in this row represents the total CAPP workload for each month, i.e., proposals and agreements being developed and Projects undergoing REVA. CAPP believes its proposal development plus Project REVA system implementation capacity with current long-term and short-term local Labor Resources is in the area of 31 – 33 proposals/Projects, depending on the complexity of the Proposal/Project. As indicated in Figure 1, during March, April, May and June the number of proposal and Projects in the system will exceed the number that CAPP can successfully accommodate with current staff. There is a danger of this excess pressure overwhelming the system.

However, USAID objectives and operational realities indicate the need to launch all Projects as soon as possible so the lengthy time it takes them, especially those involving tree crops, to achieve a positive cash flow and therefore become more self-sustaining is supported by CAPP to the greatest extent possible.

FIGURE 1

GANT CHART YEAR THREE

| Activity | Month | | | | | | | | | | | | |
|---|--------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| | Dec-04 | 1 Jan-05 | 2 Feb-05 | 3 Mar-05 | 4 Apr-05 | 5 May-05 | 6 Jun-05 | 7 Jul-05 | 8 Aug-05 | 9 Sep-05 | 10 Oct-05 | 11 Nov-05 | 12 Dec-05 |
| Proposals Received | | 0 | 2 | 2 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Cumulative | 128 | 128 | 130 | 132 | 134 | 135 | 135 | 135 | 135 | 135 | 135 | 135 | 135 |
| Proposals Screened | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Cumulative | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 | 122 |
| Proposals Assessed | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Cumulative | 51 | 51 | 51 | 51 | 51 | 51 | 51 | 51 | 51 | 51 | 51 | 51 | 51 |
| Proposals in Development | | 2 | 5 | 6 | 6 | 5 | 3 | 0 | 0 | 0 | 0 | 0 | |
| Total at End of Month | 3 | 2 | 3 | 4 | 4 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proposals Passed into Implementation by R.C. | | 0 | 2 | 2 | 2 | 2 | 3 | 0 | 0 | 0 | 0 | 0 | |
| Cumulative | 27 | 27 | 29 | 31 | 33 | 35 | 38 | 38 | 38 | 38 | 38 | 38 | 38 |
| Financial Agreements Being Developed, and/or Waiting USAID Approval | | 0 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 0 | 0 | 0 | |
| Total at End of Month | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 2 | 0 | 0 | 0 | 0 | |
| Financial Agreements Approved | | 0 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | |
| End of Month Total Agreements Waiting for Approval | 3 | 4 | 3 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Implementation Agreements Signed | | 1 | 2 | 3 | 3 | 3 | 3 | 2 | 2 | 1 | 0 | 0 | |
| Cumulative | 18 | 19 | 21 | 24 | 27 | 30 | 33 | 35 | 37 | 38 | 38 | 38 | 38 |
| Implementation Grants and Contracts Closed | 2 | 0 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 1 | 0 | 0 | |
| Cumulative | | 2 | 2 | 2 | 2 | 2 | 5 | 5 | 5 | 6 | 6 | 6 | 6 |
| Projects Being Implemented (Signed - Closed) | 16 | 17 | 19 | 22 | 25 | 28 | 28 | 30 | 32 | 32 | 32 | 32 | 32 |
| Projects in System (Proposals in Development + Passed the RC - Closed) | 30 | 27 | 32 | 35 | 37 | 38 | 36 | 33 | 33 | 32 | 32 | 32 | 32 |

It should also be noted that the LoE needed to design and activate REVA, scheduled to take place during February and March, will add to CAPP's local labor availability challenge.

CAPP's budget assumed a modest reduction in local staff in late 2005, and significant reductions in 2006 and 2007. The Local Labor budget included in Mod 7 did not anticipate significant CAPP involvement in Projects beyond their first year or so of implementation, and therefore the projected staff reductions. The REVA system will significantly improve the opportunity for CAPP to contribute to the successful implementation of Projects during the first two to three critical years of start-up. However, it is doubtful if we have sufficient Local Labor budget to do so. The need to adjust local compensation to accommodate the devaluation of the dollar versus the Peso will also put additional pressure in the Local Labor budget.

USAID has indicated a lack of support for additional Local Labor budget, so an alternative means to resolve the available LoE challenge must be developed. One decision made by CAPP is to not reduce 2005 staffing as indicated in Mod 7, and to use the same level of Local STTA as utilized in 2004, regardless of the amount shown in the 2005 budget. This will result in a total Local Budget utilization rate well beyond that indicated in Mod 7. An additional possibility is to increase the utilization of International STTA, especially as related to designing and installing the REVA system. Another option is to use a portion of the Subcontracts budget to contract out some of the REVA work, for example field verification, which needs to be accomplished. A specific plan to resolve this challenge will be developed by the end of the first quarter of 2005.

CAPP anticipates signing grants and subcontracts equal to the value of funds currently obligated by USAID to CAPP (\$20 million) sometime early in the second calendar quarter of 2005. Therefore, for CAPP to be able to continue to sign support instruments an additional obligation from USAID is needed early in the second calendar quarter.

4) Projects in Implementation at Year End

Figure 2 shows a list of the 32 Projects anticipated to be in implementation at the end of 2005. As can be noted from Figure 2 CAPP will have invested \$23.6 million in these Projects with a total value of \$183.3 million, i.e., a CAPP share of 12.9%. More than 59,767 new hectares of land susceptible to the production of illicit crops will be planted and more than 13,251 families will be benefiting from new, licit sources of income.

FIGURE 2**PROJECTS IN IMPLEMENTATION**

| # | PROPOSAL NUMBER | DESCRIPTION | PRODUCT | TOTAL COST (USD \$000) | CAPP AMOUNT (USD \$000) | CAPP % | HA. DIRECTLY IMPACTED | FAMILIES DIRECTLY IMPACTED |
|----|-----------------|--|-----------------|------------------------|-------------------------|--------------|-----------------------|----------------------------|
| 1 | # 001 | FEDECACAO | CACAO | \$ 5,660 | \$ 500 | 8.83% | 700 | 350 |
| 2 | # 12-02 | C.I. AGROFRUT S.A. | FRUIT PULP | \$ 3,450 | \$ 720 | 20.87% | 850 | 250 |
| 3 | #23 | CEA | PASSION FRUIT | \$7,038 | \$666 | 9.5% | 1,483 | 813 |
| 4 | 25 | 800 ha. of fique in Caldas, Nariño and Risaralda | FIQUE | \$1,228 | \$236 | 19.2% | 800 | 1,334 |
| 5 | # 25 EXT. | CIA. DE EMPAQUES DE MEDELLÍN | FIQUE | \$ 1,200 | \$ 218 | 18.17% | 400 | 270 |
| 6 | 27 | 600 ha. of fique in Cauca | FIQUE | \$1,024 | \$137 | 13.4% | 600 | 1,000 |
| 7 | # 27 EXT. | EMPAQUES DEL CAUCA | FIQUE | \$ 750 | \$ 107 | 14.27% | 250 | 150 |
| 8 | 29 | 135 ha. of chili peppers for export | PEPPERS | \$1,102 | \$142 | 12.9% | 135 | 1,318 |
| 9 | # 29 EXT. | HUGO RESTREPO Y CIA. | PEPPERS | \$ 720 | \$ 150 | 20.83% | 150 | 425 |
| 10 | #35 | CIA. PALMERA DEL SUR DE BOLIVAR | PALM | \$5,657 | \$799 | 14.1% | 2,000 | 200 |
| 11 | #40 | NANYANVA | CACAO | \$5,743 | \$928 | 16.2% | 600 | 180 |
| 12 | # 41-19 | FINAGRO COTTON | COTTON | \$ 14,180 | \$ 800 | 5.64% | 13,000 | 600 |
| 13 | #45 | PALMARES EL PORTICO LTDA. (P. Col.) | PALM | \$5,033 | \$1,191 | 23.7% | 2,100 | 210 |
| 14 | #46 | CACAO DEL CESAR (P. Col.) | CACAO | \$4,634 | \$1,271 | 27.4% | 1,000 | 400 |
| 15 | #48 | FUND. ALTA MAGDALENA (P. Col.) | CACAO | \$2,538 | \$635 | 25.0% | 510 | 100 |
| 16 | #50 | COPROAGROSUR | PALM | \$962 | \$146 | 15.2% | 400 | 100 |
| 17 | #52 | PROPALMA | PALM | \$32,284 | \$856 | 2.7% | 10,000 | 1,250 |
| 18 | #64 | CORDEAGROPAZ | PALM | \$9,803 | \$909 | 9.3% | 3,054 | 436 |
| 19 | #65 | INDUSTRIAS DEL MAIZ | YUCCA | \$4,265 | \$900 | 21.1% | 2,000 | 250 |
| 20 | #82 | ASBAMA | BANANA | \$2,821 | \$316 | 11.2% | 400 | 276 |
| 21 | # 89 | URAPALMA | PALM | \$ 6,059 | \$ 700 | 11.55% | 1,720 | 200 |
| 22 | #95 | FRUTIMACIZO | TOMATE DE ARBOL | \$1,161 | \$98 | 8.4% | 250 | 250 |
| 23 | #117 | CASE | CACAO | \$ 9,783 | \$ 1,308 | 13.4% | 1,500 | 600 |
| 24 | #119 | C.I. TEQUENDAMA | PALM | \$11,891 | \$1,791 | 15.1% | 5,000 | 700 |
| 25 | #123 | FUNDESCAT (P. Col.) | CACAO | \$6,242 | \$1,308 | 21.0% | 1,500 | 300 |
| 26 | #124 | UT ALDEA Y EL DISTRITO DE RIEGO (P. Col.) | CACAO | \$7,411 | \$1,323 | 17.9% | 1,665 | 333 |
| 27 | #125 | ASOGPADOS | PALM | \$12,330 | \$2,383 | 19.3% | 4,000 | 400 |
| 28 | #125P | ASOGPADOS | PALM | \$4,397 | \$589 | 13.4% | - | 32 |
| 29 | #126 | ESTAM | PALM | \$4,783 | \$1,105 | 23.1% | 1,500 | 150 |
| 30 | #127 | PROCAUCHO | CACAO | \$5,685 | \$1,344 | 23.6% | 1,200 | 240 |
| 31 | #130 | ASOGPADOS | PALM | \$3,438 | \$51 | 1.5% | 1,000 | 134 |
| 32 | #131 | ASOCATI | CACAO | \$5,233 | \$813 | 15.5% | 1,000 | 334 |
| | | TOTAL: | 32 | 183,272 | 23,627 | 12.9% | 59,767 | 13,251 |

5) Projects Anticipated to be Completed at Year End

Figure 3 lists the six Projects anticipated to be closed out as of December 31, 2005. CAPP will have invested \$2.3 million in these six completed Projects out of a total value of \$25.3 million, i.e., a CAPP share of 9.2%. More than 11,478 new hectares of land susceptible to the production of illicit crops will have been planted, more than 2,148 families will have benefiting from new, licit sources of income and more than 932,775 workdays of new employment will have been provided by these Projects during CAPP's term of support.

FIGURE 3**COMPLETED PROJECTS**

| # | PROPOSAL NUMBER | DESCRIPTION | PRODUCT | TOTAL COST (USD \$000) | CAPP AMOUNT (USD \$000) | CAPP % | HA. DIRECTLY IMPACTED | FAMILIES DIRECTLY IMPACTED | EMPLOYMENT GENERATED (workdays) |
|--------------|--------------------|-----------------|------------|---------------------------|-------------------------------|-------------|-----------------------------|----------------------------------|---------------------------------------|
| 1 | 12 | AGROFRUT | FRUIT PULP | \$4,827 | \$493 | 10.2% | 670 | 1,005 | 262,013 |
| 2 | 31 | C.I. TEQUENDAMA | PALM | \$2,072 | \$297 | 14.3% | 1,130 | 111 | 40,680 |
| 3 | 32 | C.I. EL ROBLE | PALM | \$2,856 | \$223 | 7.8% | 1,560 | 91 | 58,500 |
| 4 | 41 | FINAGRO | COTTON | \$4,688 | \$218 | 4.7% | 4,986 | 274 | 322,296 |
| 5 | 56 | GRADESA | PALM | \$3,177 | \$257 | 8.1% | 1,132 | 141 | 64,786 |
| 6 | 79 | ECOBIO | CACAO | \$7,642 | \$780 | 10.2% | 2,000 | 524 | 184,500 |
| TOTAL | | | 6 | 25,263 | 2,268 | 9.2% | 11,478 | 2,146 | 932,775 |

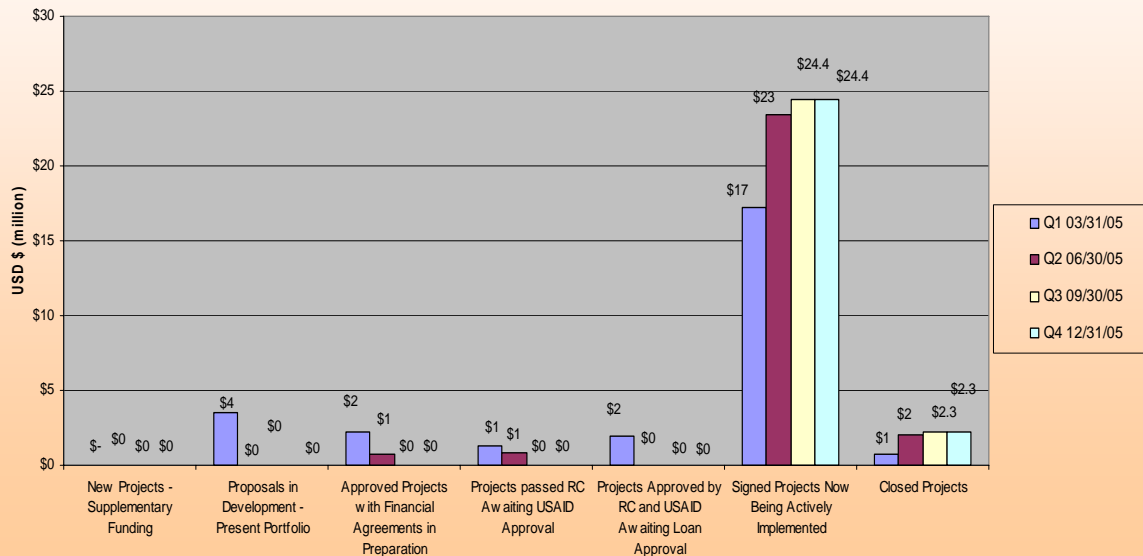
6) LoP Projection of Indicator Accomplishments

For all 38 Projects anticipated to be either in implementation or closed out at the end of 2005, CAPP will have invested or will invest \$25.9 million out of a total value of \$208.6 million, i.e., a CAPP share of 12.4%. More than 71,000 new hectares of land susceptible to the production of illicit crops will have been or will be planted and more than 15,400 families will have benefited from or will benefit from new, licit sources of income provided by these Projects.

7) Proposal Development, Project Implementation and Projects Completed by Value

Figure 4 illustrates the progress of CAPP proposal and Project implementation expressed in terms of the value of CAPP support provided to the Projects and their stage of development, implementation or close out. As can be noted from Figure 4, support instruments for all CAPP Projects are anticipated to be signed by the end of September 2005.

FIGURE 4
PROPOSAL AND PROJECT STATUS BY
QUARTER - CALENDAR 2005



8) CAPP Projects Geographic Location Versus USAID Target Geographic Areas

Figure 5 illustrates the relationship between the geographic location of the anticipated 38 Projects CAPP will have completed or will be in implementation at the end of 2005 and USAID's new areas of geographic focus. As can be noted from Figure 5, there is not only a high consistency between the locations of CAPP Projects and the geographic area specified in our Contract (west of the Cordillera Oriental), but also high consistency with USAID's new areas of geographic focus. Since CAPP will continue to support many of its longer term (tree crop) Projects until late in 2007, the geographic focus of CAPP's activities in 2005, 2006 and 2007 will be very consistent with USAID's new geographic focus.

FIGURE 5
CAPP MUNICIPALITIES AND
USAID GEOGRAPHIC FOCUS

