

MIDAS

MÁS INVERSIÓN PARA EL DESARROLLO
ALTERNATIVO SOSTENIBLE

SME Component Work Plan

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USAID
FROM THE AMERICAN PEOPLE

COLOMBIA

TABLE OF CONTENTS

1. LIFE OF PROGRAM WORK PLAN	4
1.1. BRIEF BACKGROUND ON COMPONENT.....	4
1.1.1. <i>Role of the Component in MIDAS Strategy</i>	5
1.1.2. <i>Significant Constraints</i>	6
1.1.3. <i>Significant Opportunities</i>	7
1.2. BASIC LOP COMPONENT OBJECTIVES.....	7
1.2.1. <i>Qualitative Objectives</i>	7
1.2.2. <i>Quantitative: Role of the Component in USAID Strategy</i>	10
1.2.2.1. Key Indicator Results.....	10
1.2.2.2. Explanation of Indicators.....	11
1.3. COMPONENT ORGANIZATION STRUCTURE AND RESPONSIBILITIES.....	11
1.3.1. <i>Detailed Component LT Structure with Names</i>	11
1.3.1.1. Bogotá Office.....	11
1.3.1.2. Corridor Offices.....	12
1.3.2. <i>Brief Responsibilities and Description Summary</i>	12
1.3.2.1. Bogotá Office.....	12
1.3.2.2. Corridor Offices.....	15
1.3.3. <i>Roles of US and Colombian partners</i>	16
1.4. GANT CHARTS: LOP BY QUARTER.....	16
1.5. MIDAS SMEC BUSINESS DEVELOPMENT PROCESS.....	19
1.5.1. <i>Operational structure</i>	19
1.5.2. <i>Proposal Solicitation</i>	24
1.5.2.1. Objective.....	24
1.5.2.2. Methodology.....	24
1.5.2.3. External Participants - such as subcontractors or partners.....	24
1.5.3. <i>Screening</i>	25
1.5.3.1. Objective.....	25
1.5.3.2. Methodology.....	25
1.5.3.3. Criteria.....	25
1.5.3.4. External Participants - such as subcontractors or partners.....	26
1.5.4. <i>Assessment</i>	26
1.5.4.1. Objective.....	26
1.5.4.2. Methodology.....	26
1.5.4.3. Criteria.....	28
1.5.4.4. External Participants such as Sub-contractors or Partners.....	29
1.5.5. <i>Development</i>	29
1.5.5.1. Objective.....	29
1.5.5.2. Methodology.....	29
1.5.5.3. Criteria.....	31
1.5.5.4. External Participants.....	32
1.5.6. <i>Approval</i>	32
1.5.6.1. Objective.....	32
1.5.6.2. Methodology.....	32
1.5.7. <i>Implementation</i>	32
1.5.7.1. Objective.....	32
1.5.7.2. REVA.....	32
1.5.7.3. Methodology.....	32
1.5.7.4. External participants such as subcontractors or partners.....	33
1.6. UTILIZING LEVERAGING.....	33
1.6.1. <i>Other Sources of Financial support</i>	33
1.6.2. <i>Funds plus business development and implementation expertise</i>	34
1.7. USE OF ALLIANCES.....	34
1.7.1. <i>Public – Private Alliances</i>	34
1.7.1.1. USAID as a Public Sector participant.....	34
1.7.2. <i>Private Alliances</i>	34
1.7.2.1. Technical involvement of private entities other than primary proponent.....	34
1.7.2.2. Financial participation of private entities other than the primary proponent.....	34

1.8.	INTERNAL COORDINATION.....	35
1.8.1.	<i>Between components</i>	35
1.8.2.	<i>Between the BOG Office and Corridor Offices</i>	35
1.8.3.	<i>Between the Components and Support Departments</i>	35
1.9.	EXTERNAL COORDINATION PLAN.....	35
1.9.1.	<i>With Other USAID Programs</i>	35
1.9.2.	<i>With Predecessor Projects</i>	36
1.9.3.	<i>With Related AD Programs</i>	36
1.10.	PUBLIC INFORMATION AND COMMUNITY OUTREACH PLANS.....	36
1.11.	INTERNAL INDICATORS.....	37
1.12.	M&E.....	38
1.13.	ENVIRONMENT.....	39
1.14.	PLAN FOR INVOLVING VULNERABLE GROUPS IN THE COMPONENT.....	40
1.15.	COLOMBIANIZATION.....	40
2.	YEAR ONE WORK PLAN.....	42
2.1.	YEAR ONE OBJECTIVES.....	42
2.1.1.	<i>Qualitative Objectives</i>	42
2.1.2.	<i>Quantitative: Role of the Component in USAID Strategy</i>	44
2.1.2.1.	Key Indicator Results.....	44
2.2.	ORGANIZATION STRUCTURE.....	45
2.3.	YEAR ONE GANT CHART.....	46
2.4.	IMPLEMENTATION METHODOLOGY.....	50
2.4.1.	<i>Short-term Activities</i>	50
2.4.1.1.	Fast Track.....	50
2.4.1.2.	Activities Specified in Contract.....	50
2.5.	CORRIDOR OFFICES ROLLOUT PLAN.....	52
2.6.	BASIC BUDGET.....	53

MIDAS SMEC Acronyms

ACOPI	<i>Asociación Colombiana de Pequeñas y Medianas Empresas</i>
AD	Alternative development
ADAM	<i>Programa Áreas de Desarrollo Alternativo Municipal</i>
ANDI	<i>Asociación Nacional de Industrias</i>
APS	Annual Program Statement
ARD	Associates for Rural Development
ASTAF	MIDAS Service Provider on assessment
CAF	<i>Corporación Andina de Fomento</i>
CED	Colombia Enterprise Development Program
CDC	Customer Development Coordinator
CM	Component Manager
DCOP	Deputy Chief of Party
DM	Deputy Manager
DNP	<i>Departamento Nacional de Planeación</i>
FINAGRO	<i>Fondo para la Financiamiento del sector Agropecuario</i>
FOMIPYME	<i>Fondo Colombiano de Modernización y Desarrollo Tecnológico de las Pequeñas y Medianas Empresas</i>
FTA	Free Trade Agreement
GIS	Geo referential Information System
GoC	Government of Colombia
IADB	Inter American Development Bank
IESC	MIDAS Service Provider on Market Development
IDP	Internally Displaced Persons
LoP	Life of Project
MAVDT or MMA	Ministry of the Environment
MIDAS	<i>Más Inversión para el Desarrollo Alternativo Sostenible</i>
ML&C	Market Linkages & Competitiveness
MoA	Ministry of Agriculture
OB&REVA	Operator, Budgeting & REVA
PADEMER	Programa de Desarrollo de la Microempresa Rural
PARD	Pre-Award Responsibility Determination
PAS	Pre-Award Survey
PC	Project Coordinator
PFA	Project Finance Analyst
PILAS	PADF-IOM Long Term-Alliance and Synergies
PPC	Project Proposal Coordinator
SME	Small and Medium Enterprises
SMEC	Small and Medium Enterprises Component
T&TANtC	Training & TA Network Coordinator
TDS	Technical Development Specialist
ToR	Terms of Reference
REVA	Review Evaluation Verification Advise System
RBP	Request for Business Proposal
USAID	United States Agency for International Development

SME Component Work Plan

1. Life of Program Work Plan

1.1. Brief Background on Component

Small and medium size enterprises (SMEs) are defined in Colombia by Law 905 of 2004¹, which establishes that small firms are those that employ between 11 and 50 employees, or hold assets valued between 501 and 5,000 monthly minimum wages. Similarly, medium size firms are those that have between 51 and 200 employees, or total asset value between 5,001 and 30,000 monthly minimum wages².

Different sources quantify different data for the established SMEs in the country. To settle on a credible range two main sources have been analyzed: 1) National Statistics Department 1990 census (the latest official GoC statistics) and 2) Confecámaras (non-official statistics that register formal business within the country).

Despite the 14 years time difference between Dane's and Confecamaras' statistics, this time frame can not be interpreted as an explanation for the difference in the figures, which can mainly be attributed to methodological differences. DANE does not classify formal from informal business, and probably this is the explanation for the largest difference within micro enterprises data. On the other hand, numbers are rather similar for small firms and the difference on medium firms can be attributed to the fact that the Confecamaras classification uses to asset value and Dane number of employees.

Table 1

	DANE 1990	CONFECAMARAS 2004
Micro	948,324	706,471
Small	45,063	46,458
Medium	6,008	10,730
Large	2,003	3,351
	1,001,398	767,010

Regardless of technical matters, the range of total SMEs within the country varies from 51,000 to 57,000 firms. According to the Confecámaras data, some 30,000 SMEs are located within the six MIDAS corridors³

¹ Replaced the Law 590 of 2000

² The monthly minimum wage in Colombia for year 2004 is \$408,000 COP.

³ Figures correspond to total department information, not specific municipalities: Quindío, Risaralda, Putumayo, Tolima, Valle del Cauca, Santander, Norte de Santander, Nariño, Magdalena, Antioquia, Atlántico, Bolívar, Caldas, Cauca, Cesar, Córdoba, Chocó, Huila, Guajira.

Table 2

	CONFECAMARAS					DANE	
	Micro	Small	Medium	Large	Total SME	Tot NaI	Total National
TOTAL MIDAS CORRIDORS	428,285	24,304	5,644	1,710	29,948	459,943	641,576
Other regions	278,186	22,154	5,086	1,641	27,240	307,067	359,822
TOTAL COLOMBIA	706,471	46,458	10,730	3,351	57,188	767,010	1,001,398

The majority of SMEs in the country belong to the domestic trade sector (almost 40% of small and 30% of medium firms), followed by real estate firms and industry.

Table 3

	SMALL FIRMS				MEDIUM FIRMS			
	Total Corridors	%	Others	Total Nacional	Total Corridors	%	Others	Total Nacional
INDUSTRY	3,403	14.0%	3,299	6,702	999	17.7%	872	1,871
COMMERCE	8,888	36.6%	7,319	16,207	1,595	28.3%	1,351	2,946
AGRICULTURE	1,535	6.3%	999	2,534	518	9.2%	342	860
CONSTRUCTION	1,376	5.7%	1,483	2,859	376	6.7%	447	823
TRANSPORTATION	1,642	6.8%	1,421	3,063	314	5.6%	360	674
FINANCIAL SERVICES	1,387	5.7%	986	2,373	479	8.5%	409	888
REAL ESTATE	3,746	15.4%	4,820	8,566	796	14.1%	945	1,741
HOTELS AND RESTAURANTS	477	2.0%	385	862	95	1.7%	82	177
OTHERS	1,850	7.6%	1,483	3,333	472	8.4%	298	770
TOTAL	24,304	100.0%	22,195	46,499	5,644	100.0%	5,106	10,750

Regarding the significance of SME participation in terms of asset value the trends from 1995 to 2002, the average asset value of medium size firms in Colombia held stable at 2,500 million COP, while the asset value of small size firms held stable at 850 million COP⁴. Large firm asset value averages, by contrast, stood at 12,150 million COP in 2002, 4.3 times greater than that of the medium size firms and 14 times greater than the small ones.

In terms of geographic concentration, 50% of Colombian SMEs are located in Bogotá, 13% in Medellín, 11% in Cali, 5% in Barranquilla, 4% in Bucaramanga and 17% in the rest of the country including rural areas.⁵

1.1.1. Role of the Component in MIDAS Strategy

As mentioned on the Program-level Work Plan, the MIDAS approach is focused on “crowding out” illicit activities by generating new sources of alternative income⁶ via an integrated, well coordinated and highly leveraged program of sustainable business development by creating new and alternative licit income sources to strengthen Colombia’s SME sector and shift private initiatives away from illicit activities.

Strengthening the SME environment by promoting entrepreneurial capabilities and competitiveness along value chains, and helping business managers conform to international business and technical standards,

⁴ Arbeláez, R., Zuleta, L., Velasco, A., “Las Micro, Pequeñas y Medianas Empresas en Colombia: Diagnóstico General y Acceso a los Servicios Financieros, Fedesarrollo, 2003

⁵ FUNDES, La Realidad de la Pyme Colombiana: Desafío para el Desarrollo, 2003

⁶ Alternative income not only refers to a situation of someone shifting from an illicit job, it also involves the prevention of those in search for new ways of subsisting.

will enhance the overall competitiveness of the sector and ensure that it reaches a sustainable long-term growth path.

SMEs have tremendous potential to provide alternative sources of income to persons involved in illicit activities, and to absorb displaced workers. Given that IDPs tend to look for new opportunities in urban areas where SMEs are mainly located, this segment of the population may absorb a good portion of the jobs created.

Finally, another significant activity is to identify, assess and support the development of a network of sustainable operators, subcontractors and service providers, including existing public institutions, to build and significantly enhance their capacity to continue providing business development services after MIDAS ends.

1.1.2. Significant Constraints

SMEs have serious constraints that inhibit them from successfully facing the challenges and threats associated with commercial integration. Obsolescence of hard (machinery–equipment) and soft (modern managerial skills) technologies, limitations on access to finance and new markets, the lack of sound product development and innovation techniques, the awkward Colombian tax structure and labor regulations and market informality all constitute challenges that the SME Component (SMEC) will address on its own and/or jointly with the Policy Component⁷.

- **Macro Constraints (Sector level)**

The following macro constraints will be addressed with the MIDAS Policy Component:

- Colombia has high labor costs and high company tax rates that push SMEs towards informality;
- SMEs face major problems in accessing credit; and
- Even though important public and private initiatives that support SMEs exist, they are widely dispersed and not well coordinated.

- **Micro Constraints (MIDAS level)**

Other constraints identified are those at the Program level:

- Reaching the 80% of total project cost contribution needed by an SME to participate in the Program might be, in some cases, a difficult task. The SMEC will work with the Technical Services Department and the Policy Component to support the development of sustainable market-based sources of finance that support our SME customers.
- Time constraints related to the project approval process. Procedures to screen, assess, develop and implement projects need to be streamlined to help the SMEC accomplish its objectives and for achieving an efficient and effective proposal development and project implementation process.
- A large quantity of low quality or inconsistent with SMEC objectives and procedures proposals may be received. Strategic partnerships with Project Suppliers and synergies with other AD Programs will help to identify potential customers, and design a targeted communication strategy.

⁷ FUNDES, “La Realidad de la PYME Colombiana: Desafío para el Desarrollo”, 2003.

- Limited supply of qualified subcontractors and operators; thorough research on the quality and quantity of operators or project managers and business service providers in the market must be undertaken to ensure that the best operating structure and working partners are chosen.

1.1.3. Significant Opportunities

• Opportunities at the Sector Level

- The FTA has helped to establish new policy initiatives (Internal Agenda and Competitiveness Conpes) and public instruments that foster SME competitiveness.
- Businesses managers know new competitors will arrive, and this has generated a transformation environment.

• Opportunities at the Program Level

- Experience and lessons learned from the CED Program that can help reduce the learning curve and minimize the margin of error during the initial phase of SMEC Program implementation.
- Access to a market where Programs like IADB-FOMIN-ACOPI have promoted associative ways of organization among SMEs.
- Access to a market where SMEs have been supported by Programs that have led them to a phase where they are ready to immediately start an expansion project, with a clear new business or expansion plan having already been developed.
- Best practices of successful SMEs exporting non-traditional goods/services that could serve as a model for SMEs considering expansion into international markets.
- The need of large firms to improve their suppliers' quality represents an opportunity to work with them, in order to reduce production costs, with the assistance of specialized consultants through associative supplier projects.

1.2. Basic LoP Component Objectives

1.2.1. Qualitative Objectives

The SMEC will focus on providing consultancy, training and business coaching to existing⁸ SMEs that will invest in viable expansion projects increasing sales and creating more jobs in the MIDAS Corridors. This coaching support will transfer knowledge on management, technology, research, training, promotion and all other technical assistance activities that enhance SMEs business development; market access; productivity and cost efficiency; financial management; innovation and all other aspects along of their business.

Strengthening the SME by promoting competitiveness along value chains through managerial development of SMEs linked to large industries as providers and/or distributors (“anchor companies”) will be SMEC emphasis to guarantee not only the backward and forward integration of the large enterprises but a sustainable long-term growth of the SME itself.

To access MIDAS support, SMEs must operate in a highly competitive manner on an ongoing basis, and address viable market demand. Approved MIDAS expansion projects must have gone through the SMEC

⁸ The SMEC will support start-up projects on exceptional circumstances, ensuring that these types of projects meet the SMEC objectives, criteria and average costs.

proposal development process to ensure the project maximizes MIDAS' return on investment (sustainable job creation and increase in sales per dollar invested).

To achieve the aims of strengthening the capacity of each link along SME value chain, ensuring the long-term sustainability of competitive businesses, reducing job reversal from licit to illicit activities, and other quantitative objectives described in the next pages, the SMEC will focus on leveraging ongoing associative projects (*proyectos asociativos*) that are already in a mature phase of association. This means that the ideal SMEC customer will be a *group* of legally constituted firms that already have significant experience working together in an associative way, and which already have a business plan in a mature stage of development. By selecting and organizing projects in this way, the SMEC will achieve a decreasing marginal cost per new SME included in the association or alliance supported, thus maximizing the number of jobs created per dollar invested.

To rapidly identify ongoing and mature associative projects, strong strategic partnerships and links will be developed with entities and development institutions that previously supported associative projects. Therefore, a network that involves MIDAS Corridor offices, supply partners (i.e., associations, institutions or foundations that will prepare and present SME expansion projects), corridor operators and training and business service providers will be developed and utilized to enable the SMEC to receive a high volume of qualified projects, and provide business services that meet MIDAS standards.

For more than a decade, the GoC, multilateral organizations and various SMEs support entities have encouraged associative business groups. The private sector, specifically trade associations, has also worked to contribute to this endeavor and provide business opportunities that the SMEC will address. Aspects like type of project, average number of firms per associative project (26), and average number of jobs created per SME within the associative and individual projects (12), were utilized to define the Component's goals within the life of MIDAS.

Table 4

Type of Project	Level of Effort	Average Jobs per SME	No. of SMEs Supported per Project
Individual			
% of Projects	35%	12	1
Associative			
% of Projects	65%	12	26
Total	100%		

Within the typified projects, two main types were defined: individual (35%) and associative (65%). The first will support individual companies or enterprises with specific needs or bottlenecks or SMEs that are willing to join an association or alliance with specific standards or processes. The second is associative projects where common objectives lead them to associate in order to meet shared necessities and goals.

Within the individual projects, two types have been defined:

- **Individual;** specific training or TA services are provided based on their individual needs.
- **Second Phase:** projects transferred from ongoing programs that meet MIDAS criteria.

For associative projects, eight categories were identified:

- **Sector-oriented;** crosscutting projects aimed at groups of SMEs from the same sector.
- **Value chain;** crosscutting projects that aim at improving the interaction between different links along the value chain with emphasis in integrating early links (e.g., agro industry and forestry sectors).
- **Consolidation;** projects that seek to consolidate ongoing associative initiatives.
- **Clusters;** formally conformed associative groups that are willing to improve horizontal and vertical integration with other SMEs and potential service providers (suppliers and distributors), respectively.
- **Suppliers and distributors;** associative projects led and leveraged by large companies that are willing to develop their own local suppliers or distributors.
- **Exports oriented;** associative mature projects ready to develop exports and international markets.

Within the MIDAS timeframe, the SMEC expects to implement 3,897 projects: 3,640 individual and 257 associative (with 26 SMEs on average per project). The 50 effective months of implementation will require having on average of 12-13 individual projects implemented per month per corridor and one associative project implemented per month at the national level⁹.

Table 5

	LoP	Yr. 1 2006	Yr. 2 2007	Yr. 3 2008	Yr. 4 2009	Yr. 5 2010
Individual						
No. of projects signed	3,640	36	728	1,092	910	874
Associative						
No. of projects signed	257	3	51	77	64	62
Total projects	3,897	39	779	1,169	974	935

⁹ These figures are obtained by dividing the total number of projects per 50 months of life of project.

1.2.2. Quantitative: Role of the Component in USAID Strategy

1.2.2.1. Key Indicator Results

Table 6

Performance Indicators	SO2	IR	CONTRACTUAL INDICATOR	CUMUL YEAR 1	YEAR 2 / 2007				YEAR 3 / 2008				YEAR 4 / 2009				YEAR 5 / 2010				TOTAL
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1. Number of Jobs Created	SO2, SO3	2.1	125,000	1,250	5,000	7,250	7,500	5,250	7,500	10,875	11,250	7,875	6,250	9,063	9,375	6,561	7,500	13,500	9,000	0	125,000
2. Hectares Supported	SO2	2.1, 2.3		N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
3. Number of families benefited (INTERNAL)	INTERNAL		418,000	4,180	16,720	24,244	25,080	17,556	25,080	36,366	37,620	26,334	20,900	30,305	31,350	21,945	25,080	45,144	30,096		418,000
3.1 Number of families benefited (ACI)	SO2	2.1	125,000	1,250	5,000	7,250	7,500	5,250	7,500	10,875	11,250	7,875	6,250	9,063	9,375	6,561	7,500	13,500	9,000		125,000
4. Sales Increase Percentage per Year /SME	SO2	2.1	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
5. Producer Associations/ Processor Strengthened	SO2	2.2	8	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
6. Proposals being processed	INTERNAL		8,300	83	332	481	498	349	498	722	747	523	415	602	623	436	697	877	418	0	8,300
7. Projects signed	INTERNAL		3,897	39	156	226	234	164	234	339	351	246	195	283	292	205	327	412	196	0	3,897
8. Number of Alliances Developed	INTERNAL		TBD	3	10	15	15	11	15	22	23	16	13	19	19	13	15	28	19	0	257
9. Private Sector firms Formed or Strengthened 1	SO2	2.2	10,400	104	416	603	624	437	624	905	936	655	520	754	780	546	624	1123	749	0	10,400
10. Productive Infrastructure Projects Completed	SO2	2.1	TBD																		
11. Total Value of Supported Projects (US \$000)	INTERNAL		130,000	1,300	5,200	7,540	7,800	5,460	7,800	11,310	11,700	8,190	6,500	9,425	9,750	6,825	7,800	14,040	9,360		130,000
12. MIDAS Average Share of Total Investment	INTERNAL		20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
13. MIDAS Total Project Support (US \$000)	INTERNAL		26,000	260	1,040	1,508	1,560	1,092	1,560	2,262	2,340	1,638	1,300	1,885	1,950	1,365	1,560	2,808	1,872		26,000
14. Private Sector Funds Utilized (US\$000)	SO2, SO3	2.2, 2.1	97,500	975	3,900	5,655	5,850	4,095	5,850	8,483	8,775	6,143	4,875	7,069	7,313	5,119	5,850	10,530	7,020		97,500
15. Colombian Public Sector Funds Utilized (US \$000)	SO2	3.1	6,500	65	260	377	390	273	390	566	585	410	325	471	488	341	390	702	468		6,500
16. Reduction in unemployment	SO2	3.1		N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
17. Families working in the formal sector	SO2	3.1		N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A

See breakdown in section 2.1.2.2

1.SMEC will focus on strengthening firms and on special cases will work on forming them

1.2.2.2. Explanation of Indicators

To achieve SMEC objectives, the Component will create 125,000 formal and licit jobs within the corridors during the MIDAS LoP. These jobs will be generated by strengthening or creating 10,400 SMEs that will on average increase their sales by 20% and implicitly benefit 418,000 families, (SMEs supported are expected to have 40 employees on average).

SMEC leveraging is projected to be 1:5. Therefore, the SMEC estimates the total value of supported projects will reach \$130 million, and its investment in these projects will amount to \$26 million. Funds to be leveraged by the project proponent/customer are expected to come from private funds (\$97.5 million or 95%), and public funds (\$6.5 million or 5%). Of the private funds, 60% are expected to come from financial institutions, and the rest from customer equity or savings.

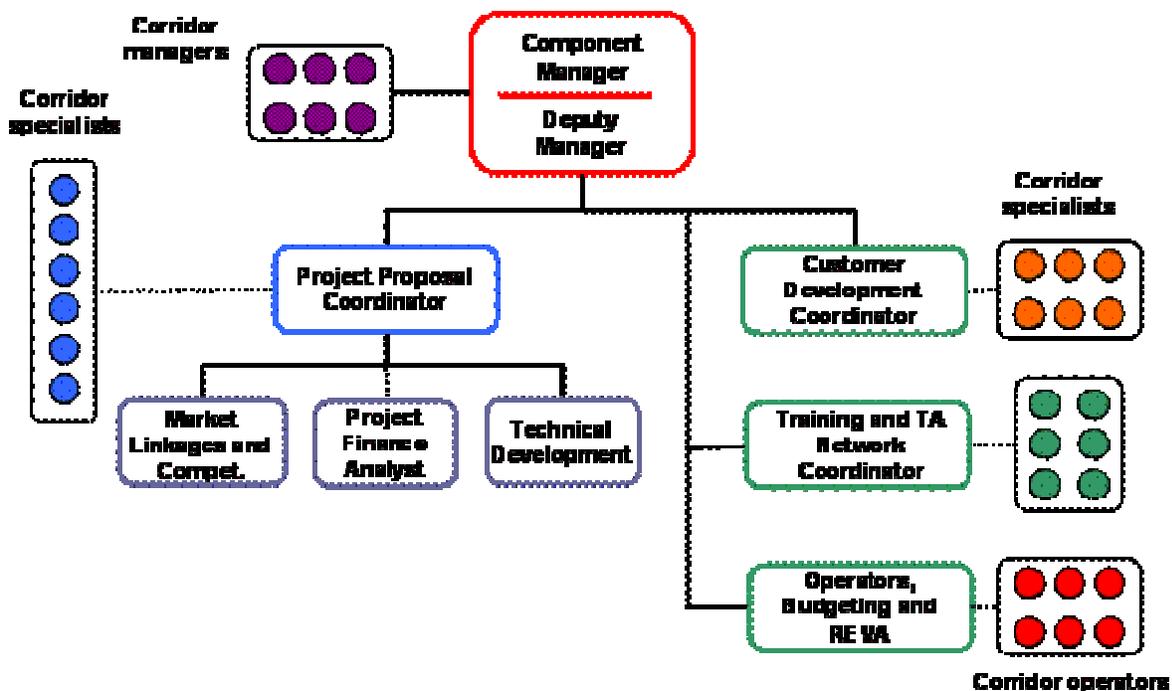
Project proposals needing immediate leverage will secure funding from the private financial market with special emphasis on sustainable market-based sources of financing. Public funds are also valuable sources for leveraging projects. However, in some cases these resources may not be immediately available because of complex procedures for disbursement.

1.3. Component Organization Structure and Responsibilities

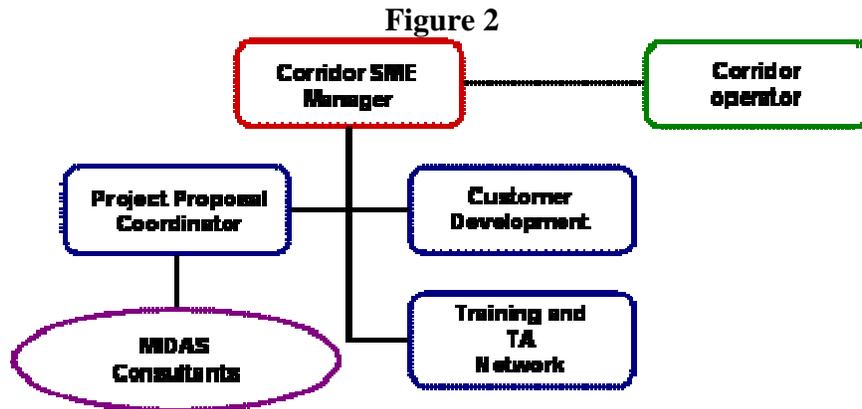
1.3.1. Detailed Component LT Structure with Names

1.3.1.1. Bogotá Office

Figure 1



1.3.1.2. Corridor Offices



1.3.2. Brief Responsibilities and Description Summary

1.3.2.1. Bogotá Office

Table 7

Position	Name	Main responsibilities
Bogotá Office		
Component Manager	Natalia Arias	<p>a. Supervise SMEC objectives, staff, activities, budget execution, grants and subcontractors, and REVA.</p> <p>b. Design Component's strategy, organizational and operational structure and its implementation.</p> <p>c. Design, implement and supervise Component's identification, screening, assessment, development and implementation process, criteria and procedures.</p>
Component Deputy Manager	Ricardo Garzón	<p>a. Support the Component Manager in Component's objectives, staff, activities, budget execution, grants and contractors and REVA supervision.</p> <p>b. Coordinate the implementation and supervision of Component's strategy, organizational and operational structure (corridor offices, operators and partners).</p> <p>c. Support the Component Manager in the implementation of Component's identification, screening, assessment, development and implementation process, criteria and procedures.</p>
Project Proposal Coordinator	TBD ¹⁰	<p>a. Establish a business development strategy for the SMEC in coordination with other SMEC professionals, and supervise its implementation.</p> <p>b. Define, in coordination with the other SMEC professionals, the SMEC procedures manual, and business guides and criteria for identification, screening, assessment, development, implementation and closeout of SMEC projects.</p> <p>c. Coordinate and supervise the Component's screening, assessment, development, implementation and project's closeout processes taking place in the corridor offices.</p> <p>d. Define, in coordination with the other SMEC professionals, the Component's</p>

¹⁰ TBD: To be defined.

Position	Name	Main responsibilities
		<p>fast-track strategy and activities, especially in relation with fast-track proposals received before the entire Project development and implementation structure and procedures are in place</p> <p>e. Coordinate SMEC proposal presentations to the Bogotá Review Committee.</p>
Customer Development Coordinator		<p>a. Assist in the definition of a customer development strategy for the SMEC and supervise its implementation.</p> <p>b. Develop a network of project providers to ensure the achievement of the component goals.</p> <p>c. Liaise with national and local business associations, local governments, public and multilateral entities, universities, chambers of commerce, technological development centers, financial institutions, NGOs, etc. in order to identify potential customers.</p> <p>d. Develop and implement an incentives scheme for working with project providers to maximize proposal's quality and minimize the number of rejects.</p> <p>e. Coordinate the Component's fast-track strategy and activities, especially in relation with the identification of associative mature expansion projects, and support their development into fast-track proposals</p>
Training and TA Network Coordinator	TBD	<p>a. Assist in the definition of a training and TA strategy for MIDAS SMEC and supervise their implementation.</p> <p>b. Design guidelines for the assessment and selection of Training and Business Service Providers according to the Component goals and SME needs.</p> <p>c. Coordinate Component's fast-track strategy and activities, especially in relation with the identification of training and business service subcontractors that can support the expansion projects received during this phase.</p>
SME Market Linkages and Competitiveness	TBD	<p>a. Support the Project proposal coordinator in the definition of a business development strategy for the SMEC, especially from the market linkages and competitiveness point of view, and supervise its implementation.</p> <p>b. Support the Project proposal coordinator in the implementation of the SMEC screening, assessment, development, implementation and project closeout processes taking place in the corridor offices, especially from the market linkages and competitiveness point of view.</p> <p>c. Support the SMEC fast-track strategy and activities, especially in relation with fast-track proposals received before the entire Project development and implementation structure and procedures are in place, especially from the market linkages and competitiveness point of view.</p> <p>d. Support proposal screening, assessment and development process in coordination with corridor specialists and support SME proposal presentations to the Bogotá Review Committee.</p>
Project Finance Analyst ¹¹	TBD	<p>a. Support the Project proposal coordinator in the definition of a business development strategy for the SMEC, especially from a financial analysis and sustainability point of view, and supervise its implementation.</p> <p>b. Support the Project proposal coordinator in the implementation of the SMEC screening, assessment, development, implementation and project's closeout processes taking place in the corridor offices, especially from a financial analysis</p>

¹¹ The Project Finance Analyst will be physically and operationally a part of SMEC but will have line reporting responsibility to the Project Financial Analysis Manager (PFAM).

Position	Name	Main responsibilities
		<p>and sustainability point of view.</p> <p>c. Support the SMEC fast-track strategy and activities, especially in relation with fast-track proposals received before the entire Project development and implementation structure and procedures are in place, from a financial analysis and sustainability point of view.</p> <p>d. Support proposal screening, assessment and development (especially due diligence) process in coordination with corridor specialists and support SME proposal presentations to the Bogotá Review Committee.</p>
SME Technical Development Specialist	TBD	<p>a. Support the Project proposal coordinator in the definition of a business development strategy for the SMEC especially from a technical and operational point of view and supervise its implementation.</p> <p>b. Support the Project proposal coordinator in the implementation of the SMEC screening, assessment, development, implementation and project's closeout processes taking place in the corridor offices, especially from a technical and operational point of view.</p> <p>c. Support the SMEC fast-track strategy and activities, especially in relation with fast-track proposals received before the entire Project development and implementation structure and procedures are in place, especially from a technical and operational point of view.</p> <p>d. Support proposal screening, assessment and development process in coordination with corridor specialists and support SME proposal presentations to the Bogotá Review Committee.</p>
Operators, Budgeting & REVA	Diana Ospina	<p>a. In close coordination with the Corridor SME managers, identify, train and supervise corridor operators, design and negotiate agreements from an operative and financial point of view, and follow up on their performance as related to agreed terms and conditions,</p> <p>b. Train Corridor Office specialists and Operators on the REVA methodology with emphasis on ACI and internal indicators that measure the performance of a project and supervise the implementation of the REVA methodology.</p> <p>c. Prepare periodical project performance reports for the SMEC Manager and the REVA Committee.</p> <p>d. Review the performance of each project budget and the SMEC administrative budget on a monthly basis; follow up on any variances and prepare decision-taking reports on this regard.</p>
Total permanent positions		9

1.3.2.2. Corridor Offices

Since the Corridor offices rollout plan is described in section 2.2, only the main responsibilities regarding field office organizational structure are addressed in Table 8.

Table 8

Position	Name	Main responsibilities
Corridor Offices		
Corridor SME Manager		<ul style="list-style-type: none"> a. Implement the SMEC business development strategy and objectives at the corridor level. b. Supervise SMEC objectives, staff, activities, and REVA at the corridor level. c. Support Corridor Operators identification, assessment, training and performance review. d. Supervise Corridor Operator agreements implementation from a financial and operational point of view. e. Ensure MIDAS' SMEC procedures and criteria are applied at the corridor level.
Corridor Project Proposal Coordinator	TBD	<ul style="list-style-type: none"> a. Implement and supervise MIDAS' SMEC criteria and procedures before any proposal is presented to the Corridor or Bogotá Review and Approval Committees. b. Implement and supervise regional, screening, assessment, development and project implementation process developed within the corridors with the help of MIDAS consultants. c. Supervise MIDAS' assessment and development consultants and ensure MIDAS criteria and guidelines are followed. d. Implement Component's fast-track strategy and activities in relation with the development of fast-track projects identified within the corridor.
Corridor Customer Development	TBD	<ul style="list-style-type: none"> a. Implement the customer development strategy for MIDAS' SMEC within the particular corridor. b. Implement Component's fast-track strategy and activities in relation with the identification of fast-track projects and the creation of strategic partnerships with the best sources of associative mature expansion projects within the corridor. c. Develop a regional project suppliers' network. d. Assess the regional SME market in order to identify potential business opportunities for the SMEC within the corridor.
Corridor Training and TA Network Development	TBD	<ul style="list-style-type: none"> a. Implement the training and TA strategy for MIDAS' SMEC and supervise its implementation within the particular corridor. b. Implement Component's fast-track strategy and activities in relation with the identification of training and business service providers that can support the expansion projects identified within the corridor. c. Develop the regional Training and Business Service Providers Network.
Total Permanent Positions		24

1.3.3. Roles of US and Colombian partners

To ensure a rapid scaling-up of SMEC operational activities to meet Program objectives, the SMEC foresees strategic partnerships from the public and private sectors.

The following potential US and Colombian partners have been identified:

- Emerging Markets Group
- JE Austin
- IESC
- OAS Trust
- Deloitte Colombia
- ASTAF
- ACOPI
- Confecámaras
- FUNDES
- Universidad de los Andes, Strategy and Competitiveness Center
- ProExport COLOMBIA
- Fondo Nacional de Garantías
- Bancoldex (Foreign Trade Bank of Colombia)
- Bancolombia
- Fundación Compartir/ Financiera Compartir S.A.; Comercializadora Internacional Compartir
- Corporación Innovar
- FENALCO (Merchants National Federation)
- CINSET (Technological and Socio Economic Research Centre)
- Universidad Externado de Colombia

These entities will play different roles within the SMEC operational structure. Some may have the capacity to be Project Providers, others may contribute with their experience with consulting services and other may have significant experience and know how for administering project implementation; these potential roles will be assessed once the Component starts full operation.

1.4. GANT Charts: LoP by Quarter

Because the SMEC must manage a high volume of proposals and projects, achieving the goals set in each phase will require a high level of efficiency.

Based on SMEC goals and CED Program experience, the SMEC expects the following levels of individual and associative SME participation (also indicated in Table 9):

- a. Program announcement: APS/RBP dissemination should reach 11,429 individual SMEs and 333 associative SMEs.
- b. Of these, 8,000 individual SMEs and 300 associative SMEs (about 90% of those who received the APS/RBP) would submit a proposal.
- c. Of these, 6,400 individual SME proposals (about 80% of those submitted) and 291 associative SME proposals (about 97% of those submitted) would be accepted by the SMEC for screening. The difference in the percentage between the two types of projects is because associative projects have requirements that are more complex.

- d.** Of those accepted for screening, 4,160 individual SME proposals (65%) and 282 associative SME proposals (97%) would pass to the assessment phase. It is during this assessment phase that a consulting contractor will provide their first assessment.
- e.** Because of the consulting services provided to proponents during the assessment phase, a higher percentage would pass from the assessment to the development phase—3,744 individual SME proposals (90%) and 274 associative SME proposals (97%).
- f.** The SMEC expects that 97% of individual proposals and 94% of the associative ones that reach the development phase will be approved by the Review Committee for implementation—3,640 individual SME proposals and 257 associative SME proposals.

Table 9

ACTIVITY																			TOTAL	
			YEAR 2 / 2007				YEAR 3 / 2008				YEAR 4 / 2009				YEAR 5 / 2010					
	GOAL	CUM Y1	% efect	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3		Q4
Proposal solicitation																				
Individual	11.429	114		457	663	686	480	686	994	1.028	720	571	829	857	600	686	1.234	823	0	
Collective	333	4		15	19	20	19	23	29	30	21	17	24	17	17	26	36	26	0	
Cumulative																				
Proposals Received																				
Individual	8.000	80	70%	320	464	480	336	480	696	720	504	400	580	600	420	480	864	576	0	
Collective	300	3	90%	13	17	18	14	20	26	27	19	15	22	16	16	20	32	22	0	
Cumulative																				
Proposals Screened																				
Individual	6.400	64	80%	256	371	384	269	384	557	576	403	320	464	480	336	384	691	461	0	
Collective	291	3	97%	13	17	17	13	20	25	26	18	15	21	15	15	20	31	21	0	
Cumulative																				
Proposals Assessed																				
Individual	4.160	42	65%	166	241	250	175	250	362	374	262	208	302	312	218	250	449	299	0	
Collective	282	3	97%	12	16	17	13	19	25	25	18	14	20	15	15	19	30	20	0	
Cumulative																				
Proposals in Development																				
Individual	3.744	37	90%	150	217	225	157	225	326	337	236	187	271	281	197	225	404	270	0	
Collective	274	3	97%	12	16	16	13	19	24	25	17	14	20	14	14	19	30	20	0	
Total at End of Month																				
Proposals Passed into Implementation by R.C.																				
Individual 3640	3.640	36	97%	146	211	218	153	218	317	328	229	182	264	273	191	218	393	262	0	3.640
Collective 256	257	3	94%	11	15	15	12	17	22	23	16	13	19	13	13	17	28	19	0	257

1.5. MIDAS SMEC Business Development Process

1.5.1. Operational structure

The MIDAS SMEC Business Development Process (BDP) begins with a potential client responding to the SMEC Annual Program Statement (APS)/Request for Business Proposals (RBP). The proposals¹² will subsequently pass through the screening, assessment, development, and approval phases prior to the implementation phase, where the different actors (Operators, Business Service Providers) will play a specific role as highlighted and explained in the graphic and chart below:

Figure 3

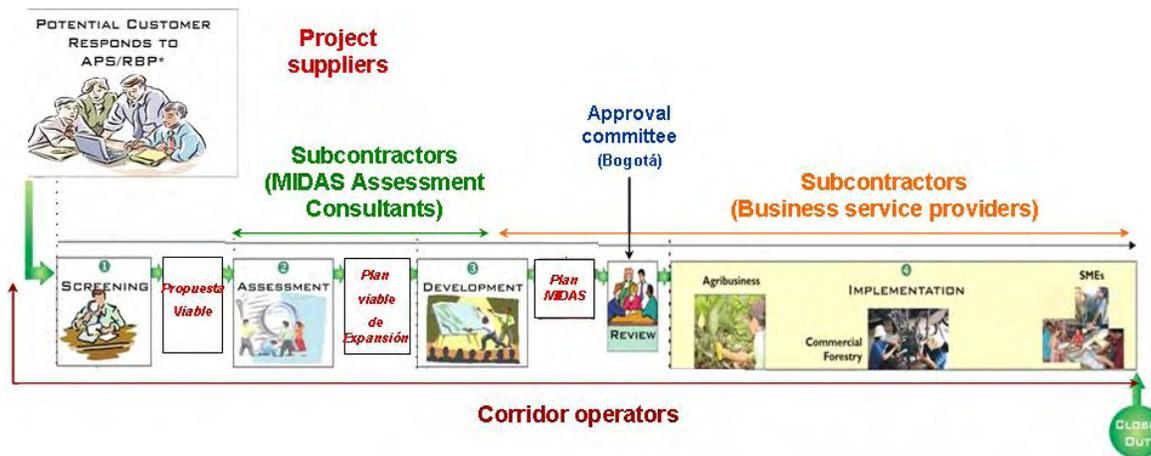


Table 10

MIDAS SMEC BDP Parties Involved		
MIDAS SMEC Operative Party	Prototype of Entity	Main responsibilities of MIDAS SMEC Party
Bogotá Office	N.A	<ul style="list-style-type: none"> Define the overall objectives, strategies and criteria of the SMEC BDP Supervise the overall operational functioning of the BDP Provide final approval of projects
Corridor Office	N.A	<ul style="list-style-type: none"> Implement the strategic and business plan proposed by Central Office Develop the regional network (SME Customers, Service Providers, Consultants, etc) Confer, eventually, project final approval under the supervision of the PPC¹³
Project Suppliers	Entities that know of potential SME projects, e.g., Trade Associations, Technological	<ul style="list-style-type: none"> Promote the MIDAS SMEC Program. Identify proposals that meet SMEC strategy, objectives and criteria.

¹² The term proposal will be used to refer to all proposals, project profiles, and concepts.

¹³ Project approval at the regional level will depend on the type and the amount of the proposal.

MIDAS SMEC BDP Parties Involved		
MIDAS SMEC Operative Party	Prototype of Entity	Main responsibilities of MIDAS SMEC Party
	Research Centers, Chambers of Commerce, Banks, Universities, etc.	<ul style="list-style-type: none"> • Assist on project formulation • Support the SME during the BDP <p>An Incentive Scheme will be implemented to stimulate those Providers that present successful proposals, i.e., projects that are passed into Implementation</p>
MIDAS Consultants	Firms who provide consulting services to SMEs	<ul style="list-style-type: none"> • Verify the viability of proponent's proposals. • Support Project formulation • Identify strengths and weaknesses of proposal and envisage possible risks
Operator	<p>Firms whose mission is that of administering project implementation</p> <p>Project manager responsible for Component's operative tasks in the corridors (firm(s) with a local knowledge and operative capacity)</p>	<ul style="list-style-type: none"> • Support the implementation of the SMEC in the administrative and operative aspects within the corridors. • Follow MIDAS administrative policies and procedures • Implement administrative procedures related to contracts, disbursement and all other administrative affairs between customer and SMEC. • Render reports to RPPC on REVA system
Business Service Providers	Firms whose mission is that of consulting services to SMEs	<ul style="list-style-type: none"> • Ensure that goals in job creation and sales increase committed by the customer are met • Implement training and TA activities agreed with customer • Monitor and support the expansion project after the consulting phase has concluded • Render reports to RT & TANC

Table 11

MIDAS-SME Component Proposal Development and Project Implementation Process					
<u>SEQUENCE</u>	<u>STEP</u>	<u>RESPONSIBILITY</u>			<u>TIMING</u>
		<u>SUPERVISOR</u>	<u>PRIMARY</u>	<u>SECONDARY</u>	<u># DAYS</u>
Proposal Solicitation					
1	Determine Format for APS/RBP	Regional Customer Developer (RCDC)	Project Supplier (PS)		Permanent
2	Advertise and Outreach: Stimulate submission of proposals in response to SMEC objectives and criteria	RCDC	Operator	Outreach and PS	Permanent
3	Registration (log in) of SME feasible proposals	Regional Customer Developer Coordinator (RCDC)	Operator	PS	Permanent
4	Formulate proposals in a standard structure	RCDC	PS		
SCREENING					
5	Receive and log in formulated proposals	SMEC Regional Manager (RM)	RPPC	RCDC	0.5 day
6	Ensure Check List Screening Criteria	RPPC	Operator		0.5 day
7	Further Detail/Refine Proposal with Client (if needed)	RCDC	PS	Operator	5 days
8	Provide permanent online information to the Central Office on proposal screening progress and other endeavors of this phase	RM	RPPC	Operator	1 day
Total No. of days					7 days
ASSESSMENT					
9	Selection and allocation of MIDAS Consultant to visit SME for project assessment	RPPC	Operator		0.5 days
10	Visit and assess SME: Implement Assessment Plan - gathering and evaluating information - Presents detailed evaluation and concept	RPPC	Consultant		2 days

MIDAS-SME Component Proposal Development and Project Implementation Process					
SEQUENCE	STEP	RESPONSIBILITY			TIMING
		SUPERVISOR	PRIMARY	SECONDARY	# DAYS
11	Verify SME associates reputation and conduct due diligence to avoid all financial impropriety associated with projects activities, and leverage funds.	RM	Operator	RPPC	1 day
12	Completion of Expansion Project	RPPC	Consultant	PS	5 days
13	Ensure Check List Assessment Criteria	RPPC	Operator		0.5 days
Total No. of days					9 days
DEVELOPMENT					
14	Selection and allocation Service Provider for project implementation	Regional Training & TA Network Coordinator (RT&TANC)	Operator		1 day
15	Regional Review Committee - Approval of Expansion Projects of small amount ¹⁴	Deputy Manager (DM)	RPPC		1 day
16	Send -online- approved Project Expansion of small amount to Central office for USAID approval	DM	RPPC	Contract, Grants & Compliance Manager (CCG&C)	0.5 days
17	Send -online- documentation of Expansion Projects of large amount to Central Office	RPPC	Operator	APPC	0.5 days
18	Certify reception of Expansion Project sent by Regional Office	PPC	APPC ¹⁵		0.5 days
19	Technical Input from Central Office: Analysis and understanding of Project Expansion documentation to be able to present it to the Review Committee	PPC	PPC Team: ML&C, TDS, PFA		3 days
20	Conduct due diligence to avoid all financial impropriety associated with projects activities and leverage funds.	PPC	PFA		2 days

¹⁴ The volume of projects to be received by the MIDAS SMEC Program entails approval not only at Central Office Review Committee but also at the regional office. This will be done only in cases where the amount of the project is small (exact amounts is still under discussion).

¹⁵ The Assistant Project Proposal Coordinator (APPC) refer to either of the three (3) people reporting to PPC.

MIDAS-SME Component Proposal Development and Project Implementation Process					
SEQUENCE	STEP	RESPONSIBILITY			TIMING
		SUPERVISOR	PRIMARY	SECONDARY	# DAYS
21	Financial Sustainability Assessment/ PARD and PAS	PPC	PFA	RPPC	2 days
22	Design draft implementation agreement, contract & preparation of M&E/REVA Plan	Operators, Budgeting & REVA (OB&REVA)Operator	Operator	SME REVA at Planning Level	2 days
23	Ensure Check List Assessment Criteria	PPC	APPC		0.5 days
24	Present Project Description, Award Budget and Recommendations to Review Committee	DM	PPC	RPPC	1 day
Total No. of days					14 days
APPROVAL					
25	Obtain Final Approval From Review Committee	DM	PPC		1 day
26	Obtain USAID Approval of Support Instrument (IQC and Tasks Orders)	DM	Contract, Grants & Compliance Manager (CCG&C)		3 days
27	Sign Final Agreement with Proponent	OB&REVA	Operator	RM	1 day
Total No. of days					5 days
IMPLEMENTATION					
28	Train Proponent how to Implement Agreement and REVA Procedures	OB&REVA	Operator	RPPC	2 days
29	Activate TA Service Providers: develop and implement a standardized reporting system, monitoring TA and adjust TA as required by the project needs	T&TANC	Operator	RT&TANC	2 days
30	Implement Agreement and Business Plan (including REVA System)	OB&REVA	Operator	RPPC/RT&TANC	(LoP)
31	Implement Project M&E and REVA Systems	OB&REVA	Operator	RPPC/RT&TANC	(LoP)
32	Implement Information Flow (success stories, monitoring, M&E, financial)	OB&REVA	Operator	RPPC	(LoP)
33	End of Project Report (close out if is required)	OB&REVA	Operator	RPPC/RT&TANC	
Total Time to a Signed Agreement					39 days

1.5.2. Proposal Solicitation

1.5.2.1. Objective

Stimulate proposals submissions by disseminating MIDAS SMEC Program objectives, and train proponents (Project Suppliers) to ensure a call for 20,087 potential SME proposals (11,429 individual and 333 associative) to successfully receive 8,300 (LoP) feasible projects into the SMEC pipeline (see Table 9 for further details).

1.5.2.2. Methodology

- Proposal Solicitation

The first step is the issuance of a public notice intended to make the community-at-large aware of the availability of the MIDAS SMEC Program.

SMEC Proposal solicitation will be an open and permanent process where proposals coming from either Project Suppliers or potential customers will be received by the Regional Project Proposal Coordinator (RPPC). These proposals will follow the APS/RBP parameters defined by the SMEC Central Office.

- Program Awareness

The Regional Customer Development Coordinator (RCDC) under the supervision of the SMEC Regional Manager (RM) and together with the Operator, will identify corridor level strategic allies, and will implement the outreach plan designed by the Bogotá Office to promote the SMEC Program. Additionally, networking and public relations will be conducted in corridor municipalities to facilitate participation in business events to promote the Program.

- Training

The RCDC will provide all Project Suppliers and potential proponents with a user-friendly detailed guide on the process for submitting a proposal, and train them on the application processes, screening and assessment criteria.

The criteria, ToR and procedures for the SMEC BDP will be outlined by Central Office team and implemented by the RCDC and Regional Operator. Successful operators from the CED Program will play an important role in terms helping outline the appropriate methodology to train corridor operators to achieve the SMEC quantitative objectives allocated for each corridor.

1.5.2.3. External Participants - such as subcontractors or partners

The RM together with the RCDC will develop strategic partnerships with potential regional entities (associations, productivity centers, governmental and financial entities etc) to identify promising proposals and leverage SME project proposals.

1.5.3. Screening

1.5.3.1. Objective

The objective of this phase is to select those proposals that will pass on to the assessment phase based on the ToR and criteria defined by the SMEC.

SMEC expects to pass into the Assessment Phase 4,442 feasible proposals from the 6,991 to be screened at this phase (See Table 9 for further details)

1.5.3.2. Methodology

- Revision and Adjustment

The screening phase is a step of revision and amendment of documents. Proposals following the structure provided to the Project Supplier will be submitted to RPPC.

Completion of a list of documents and an evaluation of project compliance with objectives and criteria are the preliminary tasks that must be satisfactorily completed in order to proceed to the next phase. During this phase, proponents have the opportunity to improve those proposals that are perceived to be viable, but are lacking some of the information necessary to make a proper decision.

1.5.3.3. Criteria

The minimum MIDAS SMEC Screening criteria to be met before passing to the next stage are shown in Table 12.

Table 12

**MIDAS - MÁS INVERSIÓN PARA EL DESARROLLO ALTERNATIVO SOSTENIBLE
PROPOSAL AND PROJECT EVALUATION
SCREENING PHASE EVALUATION
SME COMPONENT**

Proposal or project profile name:
Code:

MUST HAVE:

Requirement to Conform	Evaluator		Responsible*
	Y	N	
Location is consistent with MIDAS target geography (six Corridors)			Project Supplier or RPPC
Significant positive impact on jobs, families and sales within term of MIDAS support			Project Supplier or RPPC
Source of funds and Proponent not connected to illicit activities			Project Supplier or RPPC
Project's factibility is adequate and sustainable			Project Supplier or RPPC
Clear proponent cost sharing and sources			Project Supplier or RPPC
Proponent is a registered legal entity			Project Supplier or RPPC
Geographic area has or soon will have adequate security			Project Supplier or RPPC
Note: One "NO" means "nonconformance"			

By affixing my signature below, I hereby certify that I have no real or apparent conflict of interest concerning this proposal, the applicant organization, or any other consultant of business that may be involved in the referenced project and I did not participate directly in the development of this proposal

*RPPC Regional Project Proposal Coordinator

1.5.3.4. External Participants - such as subcontractors or partners

The Regional Operator will use the Screening Criteria Check List under the close supervision of the RM. The Project Supplier will be also involved in this phase, assisting when additional background information or clarification is needed.

1.5.4. Assessment

1.5.4.1. Objective

The objective of this phase is to assess proposals in depth to verify their sustainability, and determine if they will pass into Development. Proposals are further refined based on SMEC objectives and criteria.

As stated in Table 9, the SMEC will pass into the Development stage 4,018 Expansion Projects from the 4,442 to be assessed in this phase.

1.5.4.2. Methodology

- Gathering and evaluating information

Assessment is an in depth evaluation stage, and for that a complete review of the project's sustainability is accomplished by a MIDAS Consultant who will visit the SME to gather additional information on topics such as marketability, chances of financing, management strength, technical factors, leverage, etc.

- Recommendations

The approval or rejection of the proposal is based on pre-established and agreed-upon Assessment stage criteria defined by Bogotá Office (see below). When the Assessment Phase is completed with a positive determination, the proposal passes on to the Development Phase.

1.5.4.3. Criteria

Table 13

**MIDAS - MÁS INVERSIÓN PARA EL DESARROLLO ALTERNATIVO SOSTENIBLE
PROPOSAL AND PROJECT EVALUATION
ASSESSMENT PHASE EVALUATION
SME COMPONENT**

Project Name:
Code:

MUST HAVE:

Requirement to Conform	Evaluator		Responsible*
	Y	N	
Verification that location is consistent with MIDAS target geography			MIDAS Consultant
Verification of significant positive impact on jobs, families and sales within term of MIDAS support			MIDAS Consultant
Verify that source of funds and proponent not connected to illicit activities			MIDAS Consultant
Verify that projects factibility is adequate and sustainable			RPPC
Verify clear proponent cost sharing and sources			MIDAS Consultant
Verify proponent is a registered legal entity			RCD
Verify that geographic area has or soon will have adequate security			MIDAS Consultant
Initial proponents/participants have been identified, located & confirmed			RCD
Note: One "NO" means "nonconformance"			

WOULD LIKE TO HAVE:

Factors to Weigh	Evaluator		
	Weight	Grade	Score
Positive impact on job creation	3		0
Positive impact on sales increase	3		0
Positive impact on families	3		0
Basic business plan developed	3		0
Firm has a competitive and sustainable package	3		0
% of MIDAS total investment	3		0
Financing needs identified and availability is reasonably assured	3		0
Impact on reduced production of illicit crops	3		0
Associative type of project	3		0
SME productivity improvement	3		0
Strength of proponent's managerial & administrative capacity	3		0
Exports orientation	2		0
Proponent's business track record in same or similar business and geographic area	2		0
Security in & to/from geographic area if applicable	2		0
Adequacy of infrastructure if applicable	2		0
Project risks identified and mitigation planned	1		0
Synergy with other AD projects operating in the area, especially ADAM & PILAS	1		0
Support from local communities if applicable	1		0
Vulnerable populations involved in project	1		0
Is the project based in a Conflict Zone?	1		0
Total Score	46		0

*RCP: Regional Customer Development
-MIDAS Consultant: Consultant within the corridors
-RPPC: Regional Project Proposal Coordinator

Minimum Score	138
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By affixing my signature below, I hereby certify that I have no real or apparent conflict of interest concerning this proposal, the applicant organization, or any other consultant of business that may be involved in the referenced project and I did not participate directly in the development of this proposal.

Evaluator _____

Table of Weights	
Weight	Description
3	Very important
2	Somewhat important
1	Useful

Table of Grades	
Grade	Description
5	Excellent
4	Good
3	Average
2	Fair
1	Poor

1.5.4.4. External Participants such as Sub-contractors or Partners

There will be direct and active participation of the Regional Operator and the MIDAS Consulting Pool in this phase. Under the supervision of the RPPC, the Operator will be responsible for selecting and directing the MIDAS Consultant who will visit the SME for project assessment. The operator will also, under the supervision of the RM, verify SME management's reputation and conduct due diligence to avoid all financial impropriety associated with projects activities and leveraged funds. The MIDAS Consultant, under the close supervision of the RPPC, will visit and assess the SME in order to structure the Expansion Project¹⁶ to be submitted to the Review Committee.

1.5.5. Development

1.5.5.1. Objective

The objective of this phase is to present SMEC Expansion Projects to the Review Committee that clearly demonstrate job creation, sales increase and sustainability over time.

From the 4,492 viable projects assessed in the previous stage, SMEC expects submit to the Committee 4,018 Expansion Projects (See Table 9 for further details)

1.5.5.2. Methodology

- Project final structuring

During this phase, the Bogotá Office team assesses the proposed expansion and intervention plan. All project variables identified in the Assessment Phase as essential for project's sustainability have to be in place at the regional level (i.e., financial entity credit approval, value chain links to be strengthened, etc.).

The Regional Office, Operator and the PPC Team will assist in the final structuring of the project. Finished business plans, financial structures, sales agreements (if needed), implementation plans, and MIDAS Award Budget draft and agreement outlines will be prepared, then submitted to the Bogotá Review Committee for approval. The main responsibilities will include:

- Designation of qualified consultant from the pre-approved subcontractors list to meet proponent TA needs. (RT&TANTC).
- Assessment of sustainable and preferably market-based financial sources; PARD and PAS assessment of proponent's ability to accurately account for and manage MIDAS support; award budget finalization (PFA).
- Address areas of linkages to potential markets and competitiveness along the value chain (ML&C).
- Address areas to strengthen along productive chains (TDS).
- Coordinate draft implementation agreement -IQC and Task Orders- (OB&REVA).
- Presentation of the REVA Plan to be developed with customer and training in the REVA system (OB&REVA).
- Submission by the PPC of an assessed Project Expansion proposal to the Review Committee.

A Review Committee composed by USAID CTO, DCOP, CPP, CM, DM, PPC will fully assess each proposal in order to approve or reject it. If approved, the proposal will go to Implementation. If rejected,

¹⁶ A Expansion Project refers to a proposal that has already been assessed and it is on its way to be submitted to the Review Committee.

the proposal will either cease there or, depending on the reasons why it was rejected, the proposal may be re-submitted if the grounds for rejection were not structural.

It is important to state that due to the volume of projects to be received, the SMEC Program entails approval not only from the Bogotá Review Committee, but also at the regional level. The submission of an Expansion Project to one or the other will depend on the type of project - individual or collective- and/or the value of requested SMEC support¹⁷. When the Regional Office is empowered to approve a proposal, a Expansion Project description has to be sent to the Bogotá Office (PPC Team) for its final revision.

¹⁷ The exact amount will be evaluated once the organizational structure and procedures are in place

1.5.5.3. Criteria

Table 14

**MIDAS - MÁS INVERSIÓN PARA EL DESARROLLO ALTERNATIVO SOSTENIBLE
PROPOSAL AND PROJECT EVALUATION
DEVELOPMENT PHASE EVALUATION
SME COMPONENT**

Project Name:
Code:
MUST HAVE

Requirement to Conform	Evaluator		Responsible*
	Y	N	
Verification that initial proponents/participants have been identified, located & confirmed			RPPC
Type of support instrument and award budget has been agreed to			PPC
Project site free of illicit crops			RPPC
Assured source of finance			PFA
Proponent/project pass due diligence			PFA
Project has viable/bankable business plan			PFA
Note: One "NO" means "nonconformance"			

WOULD LIKE TO HAVE

Factors to Weigh	Weight	Grade	Score
Positive impact on job creation	3		0
Positive impact on sales increase	3		0
Positive impact on families	3		0
Basic business plan developed	3		0
Firm has a competitive and sustainable package	3		0
% of MIDAS total investment	3		0
Financing needs identified and availability is reasonably assured	3		0
Impact on reduced production of illicit crops	3		0
Associativo type of project	3		0
SME productivity improvement	3		0
Strength of proponent's managerial & administrative capacity	3		0
Exports orientation	2		0
Proponent's business track record in same or similar business and geographic area	2		0
Security in & to/from geographic area if applicable	2		0
Adequacy of infrastructure if applicable	2		0
Project risks identified and mitigation planned	1		0
Synergy with other AD projects operating in the area, especially ADAM & PILAS	1		0
Support from local communities if applicable	1		0
Vulnerable populations involved in project	1		0
Is the project based in a Conflict Zone?	1		0
Total Score	46		0

*PFA: Project financial analyst
-PPC: Bogotá Project proposal coordinator
-RPPC: Regional project proposal coordinator

Minimum Score	138
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By affixing my signature below, I hereby certify that I have no real or apparent conflict of interest concerning this proposal, the applicant organization, or any other consultant of business that may be involved in the referenced project and I did not participate directly in the development of this proposal.

Table of Weights	
Weight	Description
3	Very important
2	Somewhat important
1	Useful

Table of Grades	
Grade	Description
5	Excellent
4	Good
3	Average
2	Fair
1	Poor

Evaluator _____

1.5.5.4. External Participants

Under the close supervision of the RT&TANC, the Regional Operator will be responsible on selecting and developing a SoW or SoWs with the Business Service Provider that will support the SME during Implementation. Entities leveraging the Expansion Project will play an important role at this stage.

1.5.6. Approval

1.5.6.1. Objective

The objective of this phase is to comply with MIDAS internal procedures and to obtain final approval for all support instruments.

SMEC expects to approve 3,897 projects from the 4,018 Expansion Projects presented during the previous phase (See Table 9 for further details).

1.5.6.2. Methodology

- The PPC will obtain final approval from the Review committee.
- For a final approval, all members of the Review Committee must determine if MIDAS SME Program objectives, criteria and critical requirements, like the project meeting rigorous financial and economic viability, have been met.
- After USAID approval, the project rollout stage starts with a signed contract between MIDAS or the Corridor Operator and the Grantee.
- Final verification procedures will be carried out by OB&REVA.

1.5.7. Implementation

1.5.7.1. Objective

Implementation is a two-part process. The consulting process, where all aspects related to the training and TA needed to strengthen the value chain links identified in the Assessment Phase are efficiently and effectively implemented; and monitoring and evaluation for expected results related to sales increase and job creation are fully accomplished.

SMEC foresees that around 97% of Project Expansion Proposals will be approved.

1.5.7.2. REVA

The REVA process found in the Program Level Work Plan Section 9 and its annexes will be adapted to the needs of the SMEC. The Corridor Office will be directly responsible for carrying out the details of this system and the OB&REVA will closely supervise REVA activities, and will report to the Program Planning Committee on M&E and REVA-based project performance.

1.5.7.3. Methodology

SMEC team members will play the following main roles:

- Oversee the whole administrative operation, supervising disbursements according to a chronogram (Operator);
- Periodical checks if the project is effectively and efficiently implemented in compliance with the approved plan and consistent with the signed agreement (Operator/RPPC); and
- Activate technical assistance consultants once the contract is signed. Develop and implement a standardized reporting system, monitoring TA and training and adjusting services as required by project needs (Operator/RT&TANTC).

1.5.7.4. External participants such as subcontractors or partners

Business Service Providers providing technical assistance and Corridor Operator administering the overall operation will be the main external participants.

1.6. Utilizing Leveraging

1.6.1. Other Sources of Financial support

The SMEC, in coordination with the Technical Services Office, will: a) conduct a review of all current available financing services, including alternative, sustainable, market-based funding; b) assess all means and opportunities for modifying existing institutional arrangements towards the goal of more market-based practices; c) develop a transition strategy to evolve from existing funding sources to sustainable market-based funding sources; d) develop information flows with businesses to identify unmet financial needs; and e) develop an outreach strategy that motivates project proponents to actively seek and use alternative, market-based funding.

The SMEC, in collaboration with the Policy Component, will support the ongoing work initiated under USAID funded Program “Colombia Productiva” which has as the following objectives:

- Analyzing possible regulatory barriers to SME lending due to requirements that are relatively costly for both SMEs and potential lenders as compared to their reduction in the risks involved;
- Understanding what kinds of information can be most useful relative to the costs involved in analyzing potential SME loans, including credit bureaus, credit scoring models and especially the benefits of the information provided by SME formalization relative to the costs involved;
- Continuing, as in micro-lending, to focus primarily on cash flow and on character, but also investigating potential improvements in the availability of collateral and collateral substitutes (e.g., moveable collateral, informal collateral as used in micro-lending, leasing, factoring);
- Surveying the potential of innovations such as those that might be involved in associations of SMEs for borrowing purposes (cf. group lending in micro-finance).
- To provide recommendations for innovative practices and work on a pilot program with one or two leading financial institutions in Colombia in the implementation of innovative financial practices related to SME lending.
- To develop proposals for the provision of specific financial products to the SMEs.

Additionally, coordination with national and regional programs promoting SMEs’ competitiveness like those of financial institutions, Research Centers, multilateral or government institutions and Universities will be considered.

1.6.2. Funds plus business development and implementation expertise

- The SMEC will identify and promote local business service providers that will develop SME knowledge and offer information, analysis and TA to remove bottlenecks and add value to targeted SME commercial enterprises.
- The SMEC, through its interaction with proponents, customers, partners, and business service providers, will quickly accumulate market and sectoral knowledge, especially regarding large businesses and large chain stores, which can be used to identify potential customers and match supply and demand needs in an increasingly effective, targeted, and proactive way.

1.7. Use of Alliances

1.7.1. Public – Private Alliances

Creation of synergies with entities in the public sector will not only optimize efforts but will also reveal lessons from existing similar projects aiming to strengthen SME competitiveness. Approaching entities like the Ministry of Commerce, Industry and Tourism (MCIT) in charge of the micro and SME policy, the National Planning Department, Proexport, *Superintendencia de la Economía Solidaria*, *Acción Social* among others, and projects like Agenda Interna and Colombia Visión 2019, will be a task implemented under the guidance and support of USAID, the MIDAS CoP, TSO and the Policy Component.

Decentralized strategic partnerships at a regional level will be created with those entities that can help us identify market opportunities, promote the MIDAS SME program, and provide us with useful data about expansion projects within our corridors.

1.7.1.1. USAID as a Public Sector participant

USAID is the interlocutor between the MIDAS SMEC and GoC entities. Topics regarding large-scale public affairs will be handled by USAID; however, regular interactions with the GoC will be carried out by the SMEC at the Bogotá and the regional level.

1.7.2. Private Alliances

1.7.2.1. Technical involvement of private entities other than primary proponent

Private alliances with trade associations like ANDI, efficient chambers of commerce and economic conglomerates like the Sindicato Antioqueño, among others, are crucial to provide the SMEC with real sustainable, business oriented, and employment generating projects. Other strategic partnerships will be developed with business service providers to support the technical assistance needs of SMEC projects.

1.7.2.2. Financial participation of private entities other than the primary proponent

Sustainable market-based sources of finance like those from commercial private banks must be identified, developed, and accessed when available. The SMEC will coordinate with the Policy Component and the Technical Services Department to develop these types of financing sources.

1.8. Internal Coordination

1.8.1. Between components

The SMEC internal coordination approach with other MIDAS business components will be to jointly identify areas of concern and business opportunities in the corridors that contribute to the progress of each component. Acknowledging that potential SME projects coming from the Agribusiness (ABC) and Commercial Forestry (CFC) Components are usually at a primary productive level, SMEC involvement would be as a strategic partner, providing services to SMEs participating as operators and subcontractors supporting appropriate subcontractors to assess and eventually manage their projects. Nonetheless, SMEC will always be receptive to consider proposals submitted by the ABC and CFC, and assist them with training and TA if the project contributes to SMEC objectives.

From the policy perspective, the SMEC expects a follow up on the provision of incentives (tax, labor, land distribution, pensions) to medium and large firms with SMEs in their supply chains to expand their supply chains into MIDAS' corridors. Additionally, SMEC will follow up on Policy Component initiatives related to development and implementation of their macroeconomic and structural reform support program that will have a direct impact on SME competitiveness. A number of policy reforms, like technical norms, property law-related legal and regulatory reforms, that could enhance financial market access, and infrastructure service reforms, are areas where the Policy Component can be of assistance. Special support will be required regarding the development within corridors of policies promoting employment for vulnerable groups and IDPs.

1.8.2. Between the BOG Office and Corridor Offices

Since the SMEC is a high volume component, the relation of the Bogotá Office with the Corridor Offices is to operate on a decentralized manner by empowering each corridor office to be the direct representative of MIDAS Program in the corridors. To assure this structure will operate successfully, clear definitions of criteria on proper implementation, revision, updating, and enhancement of systems, procedures and forms based on proposal development and project implementation will be developed by the Bogotá Office, and Corridor Offices will need to be trained in their effective use.

Each Corridor Office will support the Bogotá Office in the identification of business services suppliers based on the criteria of selection proposed (technically competitive, reasonable cost, and market services) and improved throughout the experience provided by each project.

1.8.3. Between the Components and Support Departments

Generating synergies at the corridor level and maximizing leveraging of other resources are key elements for effectively implementing the MIDAS SMEC Program. A wide range of internal services should be identified and provided by SMEC support departments. Activities like training in internal policies, procedures, methodologies, and GIS are some of the services that will help the SMEC optimize resource utilization and operate efficiently.

1.9. External Coordination Plan

1.9.1. With Other USAID Programs

The approach of the SMEC in relation to other USAID programs such as ADAM, PILAS and CED will be based on the coordinating efforts of the Technical Services Department to integrate, complement, and

stimulate existing projects that meet the SMEC grant and technical support criteria, thereby minimizing the likelihood that customers will seek support from more than one program, and avoiding overlap and duplication among the programs.

As a general policy, the SMEC plans to coordinate closely with the Technical Services Department and with other USAID programs in organizing the implementation of corridor offices, M&E activities, grants and sub-contracts development and completion, and vulnerable groups' activities.

Towards these ends, and to help identify the provision and/or commercialization of services/products to potential or ongoing SME projects, the SMEC considers it important to establish a Project Database capable of sorting projects by sectors and services.

1.9.2. With Predecessor Projects

Meetings with the CED Program staff to learn and understand its operational structure, its Business Development Process (program promotion, project approval and implementation) and all other lessons and methodological contributions will be the starting point that will give SMEC a general picture on how a program supporting SMEs with Technical Assistance operates.

The SMEC staff will also coordinate meetings with Carana's previous operators to obtain information on their methodology and processes needed for proposal reception, screening, evaluation and final implementation.

During fast track period, the SMEC will, with authorization and advice from USAID, analyze CED's potential projects received by prior CED corridor operators and not included in CED's pipeline and identify them as potential fast track projects if they full fill MIDAS' BDP criteria.

1.9.3. With Related AD Programs

Given that the SMEC will focus its support on sustainable and competitive projects, coordination with external actors such as GoC entities supporting similar programs (SENA, Colciencias, Fomipyme, and Proexport) is a key objective.

The SMEC will establish formal channels of communication with these entities, primarily through the MCIT, and through periodic feedback from the Micro-enterprise and SME Council. Additionally, the SMEC will look to Acción Social and the National Planning Department for advice on how to coordinate with other GoC entities.

It will also be important to interact effectively with the IADB and FOMIN SME strengthening programs currently being implemented in Colombia (30 programs total). Programs under the ADC, GTZ, IFC of the World Bank, and the UNDP will be assessed to identify any mature, relevant initiatives that might be potential points of synergy.

1.10. Public Information and Community Outreach Plans

The high profile, high volume nature of the SMEC requires that supporting outreach activities be organized into stages. The SMEC will work closely with the Communications and Community Outreach Department ("Outreach") to properly identify and implement each stage.

An initial stage will focus on creating MIDAS overall program awareness and positioning, and on introducing and positioning the SMEC as an important part of the Program. The key activities to coordinate with Outreach at this stage are the facilitation of dialogues and discussions within sectors of civil society on thematic issues related to program components, with an emphasis on promoting licit economic activities, fostering competitiveness and addressing GoC policy issues.

A second stage will specifically promote SMEC objectives, methodology, requirements of eligibility, financial conditions, type of technical support assistance, beneficiaries' rights and responsibilities and expected results.

Workshops in each of the SME corridors will be held to inform and train, not only our field staff, but also all other private and public stakeholders and regional entities that deal with SME business development issues, or that could become project suppliers, e.g., local government, regional business associations, universities, chambers of commerce, technological development centers, financial sector, SENA, NGOs among others. Media like forums, workshops, printed material (pamphlets, brochures) and a well-designed webpage with suitable content, will be some of the direct and specialized marketing tools to be utilized.

A third stage will be the starting point of a pedagogical approach to create incentives for the development of associative behaviors on the part of the SMEs. Since this usually is not a spontaneous process in its initial phases, the SMEC will coordinate with Outreach to format and disseminate success stories and other information regarding the benefits of forming associations.

A fourth stage will be more of a mass media approach to develop and disseminate nation wide SMEC accomplished objectives and success stories through select outreach interventions.

Throughout the second and forth stages, rollout contacts with specific sources for potential proposals will be carried out to disseminate the characteristics and benefits of SMEC service provision.

1.11. Internal Indicators

Table 15

Internal Indicators LoP	
Total MIDAS Investment	\$26,000,000
Total Licit Jobs Created	125,000
No. of SMEs Strengthened or Created ¹⁸	10,400
No. of Projects Supported	3,897
No. of Associative Projects Supported	257
Average MIDAS Cost per Project	\$23,668
Average MIDAS Cost per SME Supported	\$2,500
Average MIDAS Cost per Licit Job Created	\$208

Internal Indicator Definitions:

Total MIDAS Investment:

Total value invested by MIDAS in a project.

¹⁸ The SMEC will support start-up projects on exceptional circumstances, ensuring that these types of projects meet the SMEC objectives, criteria and average costs.

Total licit jobs created:

Employment opportunities generated (primarily) as a result of USAID assistance. For non-agriculture jobs created, a “fulltime job” is considered one that required a minimum of 40 hours of work per-week during a 260 day work year. Part-time jobs can also be converted into FTEs by adding the number of part-time hours worked over a designated period of time and then dividing by 8 hours. That number would then be divided by 260 for to obtain a FTE for non-agricultural jobs.

No. of SMEs Strengthen or Created:

Small or medium private sector enterprises (SME) refer to those that generate a minimum of 11 full time jobs. For definition of “fulltime jobs” please refer to the prior “Total licit jobs created” indicator. Private sector enterprises refer to those that operate with over 50% private funds. SMEs refer to those that :

- Have received a quantifiable benefit as a result of a MIDAS supported project, individually or collectively. In the case of collective projects, each SME must receive technical assistance in order to be reported.
- Have gotten this status as a result of a MIDAS intervention, increasing their jobs and sales.

No. of Projects Supported:

Number of individual and associative projects supported by the MIDAS SMEC.

No. of Associative Projects Supported:

Number of associative projects supported by the MIDAS SMEC.

Average MIDAS cost per Project:

The average value obtained by dividing MIDAS funds contributed to an associative project by the total number of associative projects held during the term of MIDAS support.

Average MIDAS Cost per SME Supported

The average value obtained by dividing total MIDAS Investment by the total number of SME’s supported or created during the term of MIDAS support.

Average MIDAS cost per Licit Job Created:

The average value obtained by dividing MIDAS funds contributed to a project by the total jobs generated during the term of MIDAS support.

1.12. M&E¹⁹

MIDAS, through the SMEC contributes directly to achievement of *IR 2 – Sustainable Licit Economic Opportunities Expanded* part of USAID/Colombia’s *SO 2 – Expanded Economic and Social Alternatives to Illicit Crop Production*. Additionally, through its work with IDPs in productive projects and political reforms, MIDAS also contributes indirectly to *IR 1 and 2 of USAID/Colombia’s SO3 – Successful Reintegration of IDPs and Support to Other Vulnerable Groups*.

Indicators

Indicators express and summarize program goals. There are three types: USAID indicators, internal program performance indicators (Key Indicators) and REVA indicators. Regarding the first type, USAID

¹⁹ Detailed description of the M&E procedures is in the Performance Management Plan attached to the Work Plan in Appendix-1.

provides a list called ACI indicators and every program is called to select from that list those that respond to its particular activities and goals.

REVA indicators will be designed by component in accordance with the project type. Concurring with the Mission's strategic objectives and MIDAS' objectives, ACI indicators were selected when they were relevant to the nature of the components. Specifically for this component, the following ACI and performance indicators will apply:

- Number of Licit Jobs Created
- Number of Licit Jobs Created IDPs and other Vulnerable Groups
- Number of Families Benefited from AD Activities
- Number of Small, Medium or Large (not micro) Private Sector Enterprises that Have Received AD Development
- Sales (or Gross Market Value of Licit Production Supported) by USAID/Colombian's AD Program
- Private Sector Funds that are Leveraged
- Private Sector Funds that are Leveraged for IDPs and other Vulnerable Groups
- Public Sector Funds that are Leveraged
- Public Sector Funds that are Leveraged for IDPs and other Vulnerable Groups
- Producer Associations/Processors Strengthened
- Number of Alliances Developed
- Private Sector firms Formed or Strengthened
- Productive Infrastructure Projects Completed
- Total Value of Supported Projects (US)
- MIDAS Average Share of Total Investment
- MIDAS Total Project Support (US)

The definitions, information collecting methods and technical information for each of these indicators are detailed in the Indicators Reference Sheets included in the Appendix 1 of the Performance Management Plan - PMP.

Each Project will have its own M&E Plan with the following information:

- ACI indicators that apply to the type of project with its key definitions
- Definition of Project Goals for each indicator
- Document that supports the data for each indicator
- Frequency and deadlines for report delivery
- Person in charge of gathering the information in the field
- Person in charge of producing and submitting the M&E report
- Place where the supporting documents will be filed

The Grantees/Subcontractors will report on a monthly basis on the progress made complying with the indicator goals; this performance will be linked to project disbursements.

The verification in this component refers to verifying beneficiary (firms and people) non-involvement in narcotics or terrorism activities, before signing a grant or subcontract.

1.13. Environment

As explained in the Program-level Work Plan, most of the potential projects and activities to be funded, totally or partially by MIDAS will have to prepare and submit an Environmental Review. This is true even for projects not expected to cause big, harmful impacts on the environment (in which case an

Environmental Assessment will be in order). However, for some SME projects involving only “office” activities (studies, consulting, designs, etc.) a Review will not be necessary because they are classified as categorically excluded activities. This means they are considered low-impact and, therefore, do not need to undergo the whole process.

However, if Program Planning establishes that an Environmental Review is in order, the following procedure should be followed:

- Once the Project has been approved into the Assessment phase, the Project Coordinator should notify Program Planning so they can begin advising the client on preparation of the Review.
- The client is expected to prepare the Review using the Guides for Productive Activity handed out by USAID.
- The client is expected to submit a first draft of the Review for MIDAS revision. Then, they should make all the necessary corrections to obtain MIDAS approval.
- When the document has been declared as ready, Program Planning will submit it to USAID requesting the environmental approval from the Mission Environmental Officer (MEO).
- USAID will approve it or ask for additional changes. In the latter case, any suggestions should be incorporated, and the Review submitted again until the approval is issued. It is very important to emphasize that no grant or contract can be signed without having an environmental approval if one is called for.

To speed up this process and offer practical and timely information and technical advice to proponents, MIDAS will train environmental personnel based in the corridor offices, so they can serve as a close source of information and guidance for projects and Grantees/Subcontractors.

1.14. Plan for Involving Vulnerable Groups in the Component

MIDAS Technical Services will support the SMEC by developing synergies among other USAID Programs (i.e. PILAS, ADAM) aiming to support IDPs. Technical Services will also identify legitimate market-focused and competitive non-profit or non-governmental organizations to develop sustainable projects involving this target group. The SMEC will design a mechanism to identify and report the number of jobs created that benefit vulnerable groups within the projects supported by MIDAS.

1.15. Colombianization

The objective of the SMEC Colombianization effort is to identify and develop legacy institutions²⁰ and enhance their capacity to effectively participate in SMEC projects. SMEC expects that local entities involved in the SMEC Program will acquire soft technology that will be significantly useful long after MIDAS is finished. The SMEC will accomplish this objective in several ways:

- SMEC staff is currently planned to be 100% Colombian, including senior managers. With staff and management predominantly Colombian, significant AD enthusiasm and technology will be transferred to local people that can use those skills to continue AD-related work long after MIDAS. The contacts and skills developed by working with the Component for up to five years will be a very valuable AD-related asset post-MIDAS.
- Encouraging SMEs to participate on associative project proposals will enhance their management skills, particularly on how to formulate projects and implement multiparty business plans.
- The SMEC Program will involve different actors that will benefit significantly by enhancing their specialized capacities and skills:

²⁰ Colombian entities that can continue successful work after MIDAS Program is finished

- **Project Providers** will learn how to identify and formulate projects. Project Providers, like the associations will develop a closer and a more business-oriented bond with their SME associates. Some of the Projects Providers benefiting from the SMEC Program are Associations, Productive and Research Centers, Universities, Local Governmental Entities, among others.
- **MIDAS Consultants** will refine their expertise in not only assessing and evaluating the viability of an SME project, but will develop IT mechanisms (software) to rapidly formulate and identify areas of intervention.
- **Business Service Providers** will sharpen up their ability and skills to train and coach SMEs on technical assistance. They will have the opportunity to develop contacts useful for expanding their business.
- **Corridor Operators** will develop the ability and skills needed to be project administrators, a business figure not common in Colombia. These operators will learn and improve procedures to successfully execute project resources. They will also have the opportunity to learn skills on how to select and allocate consultants.

Overall, Colombianization within the SME sector will generate a lasting culture of professionalism and competitiveness around SME commercial processes; and will develop business service legacy firms with enhanced capacity, which in turn will continue to enhance the capacity and sustainability of their relevant sectors after MIDAS ceases operations.

2. Year One Work Plan

2.1. Year One Objectives

2.1.1. Qualitative Objectives

During the first year a fast-track phase will implement a number of projects that allow the Component staff to learn and fit all the internal and external variables that will determine the success of the Component. The kind of activities to be implemented at this stage will differ from the normal ones in the sense that these will:

- Promote the adjustment of SMEC organizational and operative structure;
- Support the methodological and processes to identify pilot projects that inevitably will assist the enrichment of that set structure
- Help refine the steps and responsibilities of MIDAS BDP to be able to insert the proposals of Carana's previous operators into the SMEC pipeline.

At this initial stage of the operation, the SMEC will assess the following aspects:

- The selection criteria and assessment of the project providers;
- The business development process (identification, screening, development, approval, and implementation);
- The interaction with other MIDAS Components, contractors, business services providers, and key public and private sector allies; and
- The general efficiency of the procedures established by the SMEC, and particularly those related to the activities to be performed by the operators; the selection and evaluation of the business service providers, and the relevance of the Component strategies to achieve the program goals.

This learning and internalization process will be undertaken through selected project providers and pilot projects within the corridors whose diverse regional and productive characteristics, along with different demands of intervention, will allow the SMEC to learn and systematize lessons to further correct and redefine strategies and practices, as required.

To identify these fast track (pilot) projects, and in addition to the general criteria established by MIDAS, the following criteria will be considered:

- Projects located in different corridors;
- Projects from different productive sectors;
- Projects with different types of interventions;
- Projects whose support request does not exceed the average agreement per-project budgeted in the Work Plan;
- Former beneficiaries of the CED Program; and
- Projects that in spite of having been included in CED's pipeline did not make it to the final disbursement stage.

Table 16

Type of Project	Yr. 1 2006
Individual	
% of Individual Projects	36

Type of Project	Yr. 1 2006
Associative Projects	
% of Associative Projects	3
Total	39

As mentioned in the Life of Program section, within the SMEC typified projects, two main types were defined: individual and associative. For the 1st year work plan, 36 individual projects and 3 associative projects have been estimated as result.

2.1.2. Quantitative: Role of the Component in USAID Strategy

2.1.2.1. Key Indicator Results

Results Year One expected results are summarized in Table 17.

Table 17

Performance Indicators	SO	IR	2006										TOTAL YEAR 1
			GOAL	5 May-06	6 Jun-06	7 Jul-06	8 Aug-06	9 Sep-06	10 Oct-06	11 Nov-06	12 Dec-06		
1. Number of Jobs Created	SO2, SO3	2.1	125,000	-	63	125	125	250	313	188	188	1,250	
2. Hectares Supported	SO2	2.1, 2.3	N.A										
3. Number of families benefited (INTERNAL)	INTERNAL		418,000	-	209	418	418	836	1,045	627	627	4,180	
3.1 Number of families benefited (ACI)	SO2	2.1	125,000		63	125	125	250	313	188	188	1,250	
4. Value of Sales Increased Per Year/SME	SO2	2.1	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	
5. Producer Associations/ Processor Strengthened	SO2	2.2											
6. Proposals being processed	INTERNAL		8,300	6	5	5	10	10	22	16	9	83	
7. Projects signed	INTERNAL		3,897	2	3	3	6	6	7	5	4	36	
8. Number of Alliances Developed	INTERNAL		257		2				1			3	
9. Private Sector firms Formed or Strengthened *1	SO2	2.2	10,400	0	5	10	10	21	26	16	16	104	
10. Productive Infrastructure Projects Completed	SO2	2.1											
11. Total Value of Supported Projects (US\$ 000)	INTERNAL		130,000	-	65	130	130	260	325	195	195	1,300	
12. MIDAS Average Share of Total Investment	INTERNAL		20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	
13. MIDAS Total Project Support (US\$ 000)	INTERNAL		26,000	-	13	26	26	52	65	39	39	260	
14. Private Sector Funds Utilized (US\$ 000)	SO2, SO3	2.2, 2.1	97,500	-	49	98	98	195	244	146	146	975	
15. Colombian Public Sector Funds Utilized (US\$ 000)	SO2	3.1	6,500	-	3	7	7	13	16	10	10	65	
16. Reduction in unemployment	SO2	3.1	N.A									N.A	
17. Families working in the formal sector	SO2	3.1	N.A									N.A	

In addition to these indicators, the REVA indicators and methodology will monitor and evaluate project progress over time. Internal indicators for Year One are shown in Table 18.

Table 18

Internal Indicators 2006	
Total MIDAS Investment	\$260,000
Total Licit Jobs created	1,250
No. of SMEs Strengthen or Created ²¹	104
No. of Projects Supported	39
No. of Associative Projects Supported	3
Average Cost per Project	\$23,668
Average Cost per SME Supported	\$2,325
Average Cost per Licit Job Created	\$208

2.2. Organization Structure

Table 19

Position	Name	Starting date
Bogotá office		
Component Manager	Natalia Arias	Feb. 2006
Component Deputy Manager	Ricardo Garzón	Feb. 2006
Project Proposal Coordinator	TBD ²²	May 2006
Customer Development Coordinator	TBD	May 2006
Training and TA Network Coordinator	TBD	May 2006
Operators, Budgeting and REVA	Diana Ospina	April 2006
Market Linkages and Competitiveness	TBD	May 2006
Project Finance Analyst	TBD	May 2006
Technical Development Specialist	TBD	May 2006
Total Permanent Positions		9

²¹ The SMEC will support start-up projects on exceptional circumstances, ensuring that these types of projects meet the SMEC objectives, criteria and average costs.

²² TBD: To be defined.

2.3. Year One Gant Chart

Table 20

ACTIVITY	1	2	3	4	5	6	7	8	9	10	11	12
	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Activities Supporting Fast Track Projects												
Organizational of Internal and External Structure												
Have in place the Central Office organizational structure (personnel hired)												
Have in place the Corridor Office organizational structure (personnel interview and hired when offices ready)												
Open of Regional Office												
Medellín, Cali and Barranquilla												
Bucaramanga, Pereira and Ibagué												
Formalize business relations with SMEC Actors (Contracts, Policies, Procedures, Policies, Fees, Responsibilities)												
Project Providers												
Define criteria, procedures, policies, fees, Incentive Scheme, etc												
Identify all possible Project Providers												
Formalize Alliances												
Train on APS (ToR, Criteria, procedures, etc.)												

ACTIVITY	1	2	3	4	5	6	7	8	9	10	11	12
	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
MIDAS Consultants												
Define criteria, procedures, policies, fees, etc												
Identify potential MIDAS Consultants												
Sign STTA contracts with MIDAS consultants												
Corridor Operators												
Defining criteria, procedures, policies, fees, formats, etc												
Research on potential Corridor Operators												
Contract Corridor Operators												
Service Providers												
Defining criteria, procedures, policies, fees, etc												
Identify potential Service Providers												
Formalize business relation												
Approach potential SMEs with expansion projects. Design a methodology to allow identification of projects in phase II.												
Launch SMEC Program among potential proponents												
Activities Between Components												
Identify non start-up project proposals from ABC and CFC that have impact in the SMEC corridors growth												

ACTIVITY	1	2	3	4	5	6	7	8	9	10	11	12
	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Implement a communication mechanism with policy component to follow up on SMEC affairs												
Activities between MIDAS Support Departments												
Follow up with TSD on alliances with financial entities (Private & Public)												
Follow up with TSD on all required manuals, procedures, training and internal policies												
Follow up with Program Planning on all required manuals on M&E and REVA systems												
External Coordination - GoC, Private & Other AID Programs												
Identify and assess potential fast track projects identified by prior CED operators and not included in CED's pipeline.												
Introduce the SMEC Program to GoC & private entities related to SME development												
Follow up TSD alliances with PILAS, ADAM, Accion Social, & OIM to support business oriented SME projects												
Outreach Plan												
Launching MIDAS SMEC Program												

ACTIVITY	1	2	3	4	5	6	7	8	9	10	11	12
	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Disseminate and promote Program												
Administrative Issues												
Arrange physical and operational needs of regional offices												
Assess internal planning to reduce the learning curve and minimize the margin of error during SMEC Program implementation.												

2.4. Implementation Methodology

2.4.1. Short-term Activities

2.4.1.1. Fast Track

To start the fast track phase as quickly as possible, the following start up activities have been identified as essential:

- Develop an incentives scheme that will maximize the number of viable projects presented by project suppliers.
- Develop and finalize agreements with corridor operators;
- Pre-qualify training and TA firms, local business service providers, and regional administrative operators;
- Develop a procedures manual and finalize SMEC business development process criteria and procedures;
- Design a flow chart for accessing financing resources;
- Define the hiring process for regional teams;
- Define Corridor offices' infrastructure and operational needs according to the budget;
- Design and implement a methodology for identifying ongoing associative projects and second phase projects, especially those to be transferred from CED;
- Internal (main and corridor offices) and external (subcontractors and operators) induction and training for applying USAID and MIDAS procedures and criteria;
- Finalize internal performance indicators; and
- REVA (Review, Evaluate, Verify, and Advise) process delineation and implementation.

Additional activities to have the SMEC structure and procedures fully in place have also been identified

- Design a methodology to control and evaluate operators;
- Identify and select management technologies successfully implemented in other co-financed programs (FOMIPYME, BID – FOMIN – ACOPI);
- Review tools and diagnostic instruments used in similar projects such as proposal solicitation and evaluation;
- Review successful operation processes and precedents;
- Analyze SME planning models to reduce the learning curve and minimize the margin of error during Program implementation;
- Define operating procedures and policies that will allow easy interrelation between the different levels of SMEC projects, and between the SMEC and external allies;
- Design mechanisms for standardization that facilitate the operation of projects and their revision; and
- Develop procedures manuals for information management and unification of criteria and practices under the framework of the project.

2.4.1.2. Activities Specified in Contract

This component will develop in the short-term a number of actions that fit under the five types of activities described in the contract:

- Activity 1: Grants and subcontracts for SME Development (See section 1.6-1.7)
- Activity 2: Working with priority sectors (See section 1.7.1- 1.9.3)

- Activity 3: Providing services to SMEs (See section 1.3.2.2, 1.5, 1.8)
- Activity 4: Developing Market linkages (See section 1.3.2.1)
- Activity 5: Improving access to finance (See section 1.6, 1.7, 1.8.3)

2.5. Corridor Offices Rollout Plan

Table 21

Position	First Group (Medellín, Cali and Barranquilla)	Second Group (Bucaramanga, Pereira and Ibagué)
SME Regional Manager	June 2006	October 2006
Project Proposal Coordinator	June 2006	October 2006
Customer Development Specialist	July 2006	November 2006
Training and TA Network Specialist	July 2006	November 2006
Total Positions	12	12

2.6. Basic Budget

Table 22

ARD Inc. COLOMBIA

MIDAS

BUDGET SUMMARY BY COMPONENT YEAR 1

Type Cost		SME
A	Year 1 Costs by Component	\$6,128,564
	Weight for ARD Colombia Costs	30.60%
	Controller, Administration, Rent, Travel, Equipment, Security	
B	(B/A) Shared Costs 28.64%	1,755,195
	Midas Shared Labor Costs:	
	Outreach/Information	82,924
	Grants and Subcontracts	118,316
	Program Planning	182,864
	Project Finance	23,075
	Weight for MIDAS Technical Services Costs	38.78%
	Technical Services	312,887
	Direct Labor Costs:	
	Long Term	1,059,652
	STTA US	-
	STTA COL	32,685
	Operations Subcontracts	26,520
C	Total Labor (*)	1,838,923
D	Local Grants & Subcontracts	2,534,447
E= B+C+D	Total	6,128,564
F	Work Plan Local Grants & Sub-contracts Budget	260,000
G=D-F	Balance	2,274,447
H=B+C+F	2006 Total Budget	\$3,854,117

(*) Note: TBD costs were calculated based on the 7th step for each projected FSN scale