



Agribusiness Component 2007 Work Plan

January 2007

Contract No. 514-C-00-06-00301-00



USAID
FROM THE AMERICAN PEOPLE

COLOMBIA

Table of Contents

Acronyms.....	2
Executive Summary.....	3
1. Component Basics/Background.....	4
1.1. General Objectives.....	4
1.2. Methodology.....	4
1.2.1. Geographic Focus.....	5
1.2.2. Subsectoral Focus:.....	5
1.2.3. ABC Support Provided:.....	5
1.2.4. Project Development and Implementation.....	6
1.2.5. Monitoring and Evaluation.....	7
1.3. Characteristics vs. Other Components and AD Program.....	7
2. Life of Program Work Plan.....	7
2.1. Basic LoP Component Objectives.....	7
2.1.1. Key Indicator Results Matrix with SOs and IRs.....	7
2.2. Project Commitments and Cash Flow LoP by Quarter.....	9
3. 2006 Achievements.....	9
3.1. Hiring – (Bogotá and Corridor Offices).....	9
3.2. Procedures for Proposal Development and Project Implementation.....	10
3.3. Coordination with other Programs and Organizations.....	10
3.4. Proposal Development and Project Implementation Accomplishments vs. Objectives.....	11
3.4.1. 2006 AWP Objectives vs. Projected 2006 Results Chart.....	11
4. Year Two Work Plan.....	11
4.1. Primary Objectives.....	11
4.1.1. Objectives Summary.....	11
4.1.2. ABC 2007 Portfolio:.....	12
4.2. Staffing.....	18
4.3. Key Activities Matrix.....	18
4.4. Optimizing Implementation.....	22
4.4.1. Proposal Development Optimization Plans.....	22
4.4.2. Project Monitoring/REVA Optimization Plans.....	23
4.4.3. Proposal Development and Project Implementation Projections.....	23
4.5. Coordination and Cooperation Plans.....	24
4.5.1. Between Bogotá and Corridor Offices.....	24
4.5.2. With MIDAS Components.....	24
4.5.3. With ADAM.....	25
4.5.4. With Other AD Programs.....	25
4.6. Plan for Involving Vulnerable Groups.....	25
4.7. 2007 Quantitative Objectives.....	26
4.7.1. Commitments Chart.....	26
4.7.2. Projected Result including Expenditures/Cash Flow Chart.....	26
4.8. Basic Budget.....	27

Acronyms

MIDAS Agribusiness Component Acronyms

AA	Administrative Assistant
ABC	Agribusiness Component
AD	Alternative Development
ACM	Agribusiness Component Manager
AI	Alternative Income
APC	Assistance Project Coordinator
CFC	Commercial Forestry Component
COM	Compliance Department
DCM	Deputy Component Manager
FAD	Financial Analysis Department
FFS	Farmer Field Schools
FS	Financial Specialist
M&E	Monitoring and Evaluation
OR Dept	Outreach Department
PC	Project Coordinator
PP Dept	Program Planning Department
PRO	Proponent
RS	Regional Specialist
SMEC	SME Component
TA	Technical Assistance
TLC	Tratado Libre de Comercio / Free Trade Agreement (AFTA)
TSS Dept	Technical Support Services Dept.
PMP	Program Monitoring Plan

Executive Summary

At the end of 2006, the ABC component had actual achievements of 9.2% (2,841 jobs) of the life of contract indicator for Numbers of Jobs Created, 1% (1,632 hectares) of New Hectares Planted, and 3% (639 families) for Number of Families Benefited. Total component expenditures were \$5,576,785, representing 8% of total life of contract funding available for the ABC component.

At the end of 2007, we project that the ABC component will have achieved a cumulative total of 36% (11,179 jobs) of the life of contract indicator for Numbers of Jobs Created, 32% (47,871 hectares) of New Hectares Planted, and 40% (7,552 families) for Number of Families Benefited. Total component expenditures for 2007 are projected to be \$26,017,379, reaching cumulative expenditures of 30% of total life of contract funding available for the ABC component.

1. Component Basics/Background

1.1. General Objectives

The MIDAS Agribusiness Component (ABC) is part of a larger USAID-funded effort focused on generating significant sources of alternative income in six corridor areas within Colombia to further the mission's Strategic Objective 2: "Expanded economic and social alternatives to illicit crop production".

Specifically, the Component seeks to stimulate new or expanded private sector agribusinesses that will facilitate increased sustainable agricultural hectares in production, increased incomes, creation of jobs, and benefit families in the MIDAS growth corridors. All these activities are designed to have significant impact on alternative development objectives. Additional goals are related to the creation of an entrepreneurial culture amongst the growers, strengthening of social cohesion, empowerment, and sustainable local economy growth. The ABC will significantly contribute as a disincentive to the production of illicit crops while formalizing local economies and assisting them on a continued growth path.

1.2. Methodology

The ABC is based on a business development model. It is a support program that links with the private sector to enhance agribusiness enterprises that have a high impact in providing jobs, increased incomes, and improved livelihoods for groups particularly vulnerable to illicit crop activities. The program relies on the participation of the private sector in order to facilitate the participation of small farmers in value chain projects. Our activities seek a balance between longer-term orchard crops and short-cycle, high value crops so as to ensure sustainable development that crowds out illicit activities. Additionally, ABC activities help small farmers and vulnerable communities to access sustainable improved livelihoods, by providing strong and attractive socioeconomic alternatives. Orchard crops are linked to long-term sustainability, and short-cycle high value crops are linked to providing immediate increase in jobs and income; both are viable development options with their respective strengths and weaknesses. All MIDAS efforts are focused on supporting small farmers, grower associations and their linkages to value added chains.

The MIDAS ABC will focus on developing agricultural projects that incorporate and meet international standards, so that as the export market opportunities develop, the agricultural sector is poised to fully take advantage of those possibilities. Examples of this includes meeting sanitary and phytosanitary requirements for fresh and processed agricultural products; good agricultural practices (GAP) in production systems; good manufacturing practices (GMP) in processing; as well as other requirements such as traceability, market grades, quality standards, etc., where feasible. The ABC will coordinate closely with the Policy Component on SPS issues within supported subsectors, as well as other trade issues as appropriate.

In 2007 the ABC will issue up to two Annual Program Statements (APS), to target both geographically specific regions within the corridors and to target promising subsectors in both traditional and non-traditional subsectors. These are defined and described more fully below in Section 4.1.2.

1.2.1. Geographic Focus

The geographic areas in which we will concentrate are correlated to areas where illicit crops are currently produced or are vulnerable to encroaching production. These areas also suffer from both a high incidence of poverty and the presence of illegal groups. Projects will be implemented in these areas if adequate infrastructure is present and if they are accessible to project personnel, and/or can be adequately monitored and evaluated.

The targeted areas are prioritized in the following order:

- Cauca and Nariño
- Magdalena Medio including parts of Antioquia, Cordoba, Bolivar, Cesar, and Santander.
- Catatumbo.
- Sierra Nevada.
- Huila-Tolima
- Chocó and Urabá.
- Other regions

Although the ABC will focus on these areas, MIDAS standards of economic sustainability, including adequate infrastructure and market links will be essential to project approval.

1.2.2. Subsectoral Focus:

Beginning in 2007, the ABC will orient its technical and financial activities to those projects that create the greatest impact on sustainable Alternative Development and the reduction of illicit crops. In terms of subsectors supported, the ABC will focus on those which provide the greatest impact in the MIDAS growth corridors.

A Competitiveness Assessment has been contracted, and its results will feed into the ABC project development/decision-making process in the first and second quarters, particularly in regard to high-value crops oriented to external markets. Broad areas where the ABC will focus is in high-value and labor intensive horticultural crops, panela cane, high-value orchard crops (i.e., fine-flavored cacao, cashews, avocado, and mango), as well as more traditional crops such as African Palm, specialty coffee, and cacao. A 2007 projected Project Portfolio is described more fully in Section 4.1.2.

1.2.3. ABC Support Provided:

The primary recipients of all ABC projects are small-scale producers. To support these producers the ABC has a range of tools at its disposal to support projects that meet USAID objectives. These may include, but are not limited to:

- Training and financial aid to project administration
- Technical assistance and training, and follow-up for project field personnel
- Development of social capital among participating families and communities
- Association strengthening

- Pre-implementation project proposal preparation
- Credit application preparation and follow-up
- Associative marketing ventures
- Market contacts and negotiations
- Vegetative materials
- Technical study tours
- Labor costs

The type and amount of support provided to individual projects will be measured and applied according to project needs as defined during the project development process.

1.2.4. Project Development and Implementation

Typically the ABC works with a project operator or integrator, which is the entity that generates a project profile, identifies and organizes producers and other value chain participants, and manages the project's operations on a day-to-day basis. The project operator has responsibility for complying with both MIDAS and USAID regulations and procedures. A project operator may be a private company that seeks to develop more product supply; an NGO that seeks to develop producers or producer associations in a given geographic area, or an association (of producers) itself. Operationally, the ABC generally seeks a role as a catalyst, i.e., providing support for activities that is either unavailable from another source, or that makes a difference of whether or not a project goes forward with the participation of small growers.

Although MIDAS ABC is demand driven, the component will adopt a more targeted strategy that seeks a mix of projects to exploit opportunities in priority sub-sectors and geographic regions that are most vulnerable, currently and in the foreseen future, to illicit crops. Our current project portfolio, inherited from the predecessor program, includes African palm, cacao, jute, bananas, and hot peppers. The future portfolio will be more diversified both geographically and by sub-sector as discussed below.

The ABC project development process incorporates a project evaluation process that screens potential activities through specified, pre-determined criteria. We look for synergies with potential proponents in order to enhance productive efforts; which in most cases make the difference between a project going forward or not. ABC will be more proactive in focusing potential grantees towards presenting proposals for projects that will diversify our current portfolio. In this sense, the Outreach Department will play a key role in accompanying the ABC Component to get its message to potential proponents.

Further, the ABC acknowledges the need for a concerted and coordinated effort in order to achieve its ambitious goals. The effort will include:

- Decentralization via regional office personnel to promote, and support project development and implementation.
- Achieving synergies between MIDAS and ADAM, Accion Social, the Ministry of Agriculture in its Alianzas Productivas initiative and others, FEDECACAO, FEDECAFE, other producer associations and *gremios*, Corpoica, Centros provinciales de Desarrollo Agropecuario, SENA, ICA, Chambers of Commerce as well as Departmental and Municipal Governments.

- Alliances with financial institution to facilitate ABC project finance, through a coordinated effort with other MIDAS Components, and supported by the results of the Sources of Finance assessment results.
- Alliances with private enterprises to increase investments in the rural sector.
- Dynamic, responsive and effective plans for the transfer of appropriate technologies.

1.2.5. Monitoring and Evaluation

In coordination with the MIDAS Senior Management, the ABC is developing an adjusted indicator framework that goes beyond its present scope. Specifically, the ABC would like to place under consideration the possibility of adding qualitative indicators that reflect benefits to and improvements of livelihoods, economic reactivation and community perceptions as well as disaggregating ACI and contractual indicators as agreed with USAID. This proposal will be presented during January, 2007.

1.3. Characteristics vs. Other Components and AD Program

The ABC liaises with the private sector, seeking to exploit demand for supply of product that feeds into an existing agricultural market, whether it is local, regional, or international. ABC leverages support and is a catalyst to entrepreneurs, producers, and value-added processors to create sustainable linkages. The ABC does not subsidize production, nor does it provide support to social or even productive infrastructure that does not relate directly to a particular project. The ABC deals with short to medium-term endeavors, i.e., we do not work in forestry or rubber plantations.

2. Life of Program Work Plan

2.1. Basic LoP Component Objectives

2.1.1. Key Indicator Results Matrix with SOs and IRs

The 2006 Work Plan and PMP approved by USAID worked with project commitments only. Table 10 of this document presents information on actual achievements for 2006 and projections for 2007. The 2007 PMP will be modified to reflect projected actual achievements as well as commitments.

Table 1

COMMITMENTS										
Performance Indicators	SO2	IR	LOP GOALS	MIDAS CUMUL YEAR 1 (target)	CAPP CUMUL YEAR 1 (target)	Y2	Y3	Y 4	Y 5	TOTAL
1. Number of Jobs Created	SO2, SO3	2.1	31,000	2,841		20,000	33,182	25,186		81,209
2. Hectares	SO2	2.1, 2.3	149,739	6,200	19,739	44,000	51,000	28,818		149,757
2.1 Hectares Natural Forest										
3. Number of Families Benefited (ACI)	SO2	2.1	18,837	845	2,837	14,166	21,500	14,576		53,924
4. Sales Increase Percentage per Year /SME	SO2	2.1								
5. Producer Associations/ Processor Strengthened	SO2	2.2	55	2	25	33	77	36		173
6. Proposals Being Processed	INTERNAL			114		66	50	36		266
7. Projects Signed	INTERNAL		70	2	25	33	77	36		173
8. Number of Alliances Developed	INTERNAL		70	2	25	33	77	36		173
9. Private Sector firms Formed or Strengthened	SO2	2.2	70	2	25	33	77	36		173
10. Productive Infrastructure Projects Completed	SO2	2.1								
11. Total Project Commitments (US\$000)	INTERNAL		329,426	18,773	136,741	120,000	150,208	76,970		502,692
12. MIDAS Average Share of Total Investment (%)	INTERNAL		12.8%	14%	11%	6.7%	7.0%	7.5%		8%
13. MIDAS Total Project Support (US\$000)			42,292	2,560	15,376	8,070	10,530	5,742		42,278
14. Private Sector Funds Utilized (US\$000)	SO2, SO3	2.2, 2.1	287,134	15,092	121,365	111,930	139,678	71,228		459,293
15. Colombian Public Sector Funds Utilized (US\$000)	SO2	3.1	1,121	1,121						1,121

NOTE: All goals include CAPP commitments transferred to MIDAS -19,739 Ha and 2,837 Families Benefited (merge made on June 30, 2006)

Table 2

Performance Indicators	CAPP BALANCE REMAINING (CONTRACTUAL INDICATORS)	MIDAS ONLY CONTRACTUAL INDICATOR	TOTAL CONTRACTUAL INDICATOR MIDAS + CAPP
1. Number of Jobs Created	-	31,000	31,000
2. Hectares	19,739	130,000	149,739
3. Number of Families Benefited	2,837	16,000	18,837
4. Private Sector Firms Formed or Strengthened	-	70	70
5. Total Value of Supported Projects (US\$ 000)	-	329,426	329,426
6. MIDAS Average Share of Total Investment (%)	-	8%	13%
7. MIDAS Total Project Support (US\$000)	15,376	26,916	42,292

Note: CAPP had no contractual goal in terms of jobs created, which is why it is not indicated in the table above.

Portfolio diversification includes supporting an estimated 33,000 ha (25% of total hectare commitments) of non-traditional, labor intensive, promising subsectors such as horticulture, aquaculture, panela cane, fine-flavored cocoa, cashews, avocado, peppers, mango and other fruits of warm and cool climates. This requires a greater effort in terms of financial and human resources for the ABC, given the fact that these types of projects are usually smaller in scale, compared to other traditional projects such as palm.

2.2. Project Commitments and Cash Flow LoP by Quarter.

Table 3

	2006 Forecast	2007				2008				2009				2010				TOTAL
		QR 1	QR 2	QR 3	QR 4	QR 1	QR 2	QR 3	QR 4	QR 1	QR 2	QR 3	QR 4	QR 1	QR 2	QR 3	QR 4	
MIDAS Committed o Pro ects (US\$000)	2,560	1,614	2,421	2,421	1,614	2,120	3,159	3,159	2,106	1,148	1,723	1,723	1,148					26,916
CAPP Committed to Projects (US\$000) *	14,396																	14,396
Committed to Projects (US\$000)	16,956	1,614	2,421	2,421	1,614	2,120	3,159	3,159	2,106	1,148	1,723	1,723	1,148	-	-	-	-	41,312
MIDAS Project Disbursements (US\$000)	196	288	1,224	1,710	1,716	1,061	1,499	1,588	1,763	2,459	2,603	2,546	2,342	2,018	2,018	1,886		26,916
CAPP Project Disbursements (US\$000)	1,915	936	3,387	4,436	3,721													14,396
Project Disbursements (US\$000)	2,111	1,224	4,611	6,146	5,437	1,061	1,499	1,588	1,763	2,459	2,603	2,546	2,342	2,018	2,018	1,886	0	41,312

The CAPP's commitments were adjusted in US\$980,000 due to the reduction in the projects goals of #048 and #124 .

As shown in the cash flow table above, over 39% of the ABC grants and subcontracts funds will be committed during the 2006-7 calendar years, without taking CAPP into account. Because of a five-year time frame for the program as a whole, the ABC must implement any longer-term crop projects as early in the project as possible, so that technical assistance can accompany our efforts through planting, early harvests, and on-farm post-harvest processing and marketing activities. Cacao, and African palm projects and some fruit tree crops, must be implemented as early as possible during their respective 2007- 2008 planting seasons.

Our cash flow does not depict current portfolio expenditures which will cease at the end of 2007 (i.e., CAPP remaining projects). As these projects wind down new projects will be coming online.

3. 2006 Achievements

3.1. Hiring – (Bogotá and Corridor Offices)

The ABC structure was approved in September 2006. We have continued the hiring process and staffing as depicted in the following chart:

Table 4

2006				
Date	Position	Approved Staff	Current Staff	%
December 31	Senior Manager ABC	1	1	100%
December 31	Senior Administrative Assistant	1	1	100%
December 31	Deputy ABC Director	1	-	0%
December 31	Senior Project Coordinators	6	4	67%
December 31	Project Coordinators	6	3	50%
December 31	Junior Project Coordinators	6	4	67%
December 31	Regional Agribusiness Specialist	6	4	67%
	Total	27	17	63%

In addition to the 27 approved positions, there is a Technical Services Unit that serves the ABC and is set up of a Senior Technical Advisor, two Farmer Field School Master Trainers And one Technical Services Coordinator This Unit has been approved until the end of the first quarter of 2007 and at the end of February a final structure and responsibilities for it will be agreed with USAID.

3.2. Procedures for Proposal Development and Project Implementation

In 2006 the ABC evaluated 40 proposals at different stages. By the end of the year we expect that four projects had pass into the Approval stage, and we therefore anticipate that three projects will be signed. Currently, two are already under implementation.

The ABC participated in the MIDAS roll-out “road shows” that were held in major cities in the six development corridors. An APS was issued in early June 2006 and since that time we have received 92 project proposals and we therefore anticipate that we will complete an estimated 114 proposals at the end 2006.

Our proposal development activities begin after the first Review Committee, i.e., after a project passes the Screening stage into Assessment. In the subsequent stages projects receive more or less attention depending on the level of sophistication and business savvy of the potential proponents, and other criteria of importance to MIDAS such as “vulnerable groups” participation, region priority, possibilities of financial closure, and relation to areas of illicit crops production, among other criteria. By the Development Committee the ABC team is working to finalize a business plan and gather required information to be able to fully analyze each respective project’s financial and economic viability¹. As we move into 2007 we seek to further streamline our processes so that we can meet our ambitious goals of approving two or more projects per month.

3.3. Coordination with other Programs and Organizations

The ABC works in coordination with Acción Social (PCI) – and in fact one of the projects signed in 2006, ASOCATI, is a joint project with Acción Social in Tibú. Also, along with Accion Social, we are working out details with ADAM to support 2,000 hectares of cacao in Tumaco. In the last quarter of 2006 the ABC began to explore coordination on a project with the Policy Component – where the latter is working in a low-prevalence pest area in La Guajira, a prime growing land for mango, melons, and other products with export potential.

Other than Accion Social, our GOC alliances are mainly with Corpoica, which provides vegetative material for our on-going African palm project in Tumaco. In the fourth quarter of 2006 the ABC will screen the first project considered in collaboration with Alianzas Productivas, a World Bank funded project to be implemented by the Ministry of Agriculture.

The ABC has been working to develop projects with two national level producer associations, FEDECACAO and FEDECAFE. With the former we have trained 25 trainers in the Farmer Field Schools (FFS) methodology; with the latter we have been in discussion to structure an effort to re-establish 15,000 coffee hectares, out of which 10,000 could be finished by the end of MIDAS. We are also exploring with FEDECAFE regional level non-traditional projects, mainly in fruits.

Finally, we have established liaisons with the Consejo Nacional de Secretarías de Agricultura, various Secretarías de Agricultura, Centros Provinciales de Desarrollo Agrícola, and Cámaras de Comercio – all in the MIDAS corridors.

¹ Economic analysis will be undertaken for projects in development phase in accordance with the models and methodologies agreed upon with USAID.

3.4. Proposal Development and Project Implementation Accomplishments vs. Objectives

3.4.1. 2006 AWP Objectives vs. Projected 2006 Results Chart

Table 5

Performance Indicators	COMMITMENTS							
	MIDAS ONLY				MIDAS + CAPP			
	WP 2006 OBJECTIVE	2006 RESULTS	PROJECTED 2007 RESULTS	% PR/WP	WP 2006 OBJECTIVE	2006 RESULTS	PROJECTED 2007 RESULTS	% PR/WP
1. Number of Jobs Created	1,873	2,841	7,625	152	1,873	2,841	8,338	152
2. Hectares	3,294	6,200	29,500	188	23,033	25,939	46,239	113
2.1 Natural Forest Management								
3. Number of Families Benefited	492	845	4,716	172	3,329	3,682	6,914	111
4. Sales Increase Percentage per Year /SME		-	-					
5. Producer Associations/ Processor Strengthened	7	2	33	29	32	27	33	84
6. Proposals Being Processed	43	114	160	265	43	114	160	265
7. Projects Signed	10	2	33	20	35	27	33	77
8. Number of Alliances Developed	10	2	33	20	35	27	33	77
9. Private Sector Firms Formed or Strengthened	10	2	33	20	35	27	33	77
10. Productive Infrastructure Projects Completed		-					-	
11. Total Project Commitments (US\$000)	10,345	18,773	66,446	181	10,345	155,514	122,273	1,503
12. MIDAS Average Share of Total Investment (%)	14.5%	14%	8%			12%	15%	
13. MIDAS Total Project Support (US\$000)	1,500	2,560	5,112	171	16,876	17,936	17,791	106
14. Private Sector Funds Utilized (US\$000)	8,845	15,092	-	171	8,845	136,457	-	1,543
15. Colombian Public Sector Funds Utilized (US\$000)		1,121	-			1,121	-	

Initially we had envisioned 10 projects approved in 2006, including five fast-track projects. In the 2006 results, commitments for the 25 merge projects are included and, as it is, we have three new projects approved. Reasons for the underachievement include:

- the slowdown of palm project approvals, in consideration of demand that is greater than the current waiver allows for this sector²
- price-per-hectare issues with two original fast track projects: ASOGPADOS and ESTAM

4. Year Two Work Plan

4.1. Primary Objectives

4.1.1. Objectives Summary

As stated earlier, a majority of MIDAS ABC funds will be committed during the 2007-8 calendar years. Projects will begin as early in the 2007 agricultural productive cycle as possible so that projects are supported through as many stages of production, post-harvest handling, marketing, etc. as possible.

² The ABC is developing a methodology by which to evaluate palm projects from a portfolio basis rather than first-come-first serve basis.

Our overall objective is Sustainable Alternative Development. Specifically, this entails providing viable economic alternatives to illicit crops. This dictates that we target projects in areas that are currently and in the foreseeable future most vulnerable to illicit crop activities. Our activities are designed to create jobs, create income from licit crops, significantly increase income on marginally productive land, and cover new hectares in a sustainable manner – so as to lessen the likelihood that beneficiaries will engage in illicit crop production. Our beneficiary profile will continue to be largely small-scale, resource-poor producers, who are the most vulnerable to participation in illicit activities. Our methodology to reach these producers focuses on market demand, and established market participants, such as processors and other end users, allowing us to tap into an ongoing and sustainable system.

Further, in order to have a significant impact in raising incomes, increasing licit hectares planted, and creating jobs we will 1) diversify our portfolio of products both geographically and by sub-sector, which will also require that we make a concerted effort to work with new operators and 2) continue to support sub-sectors that have promise for meeting our goals.

4.1.2. ABC 2007 Portfolio:

The ABC will affect a broad impact regionally and in terms of increased employment and raised incomes via a strategy that focuses on geographic areas at risk, and on high-value, labor intensive, promising subsectors. We will also focus on more traditional subsectors, which are widely planted in the MIDAS growth corridors, but which as of yet are not fully exploited promise in terms of expanding quality and quantity of production, so as to significantly impact incomes and job creation. In particular, the ABC will focus on specialty coffee and cacao projects, in which small-scale producers are all too often trapped in a cycle of poverty given the scant returns and the investment required to break the cycle. The ABC intends to act as catalyst to break this cycle.

4.1.2.1. Renovation/Rehabilitation

Many of the subsectors MIDAS plans to target already have significant areas planted in Colombia. For some products, these areas encompass a significant portion of traditional and unproductive crops that do not provide sustainable livelihoods for growers. This situation can be correlated to the shift of labor from these activities to others including illicit crops. MIDAS considers it is technically, economically and socially sound to address these areas through renovation/rehabilitation efforts, when possible, accompanied by the planting of new cropland.

Given that the MIDAS contract only acknowledges new hectares as one of the program goals, MIDAS will only report the proportion of new plantings in any renovation/rehabilitation effort. This means that only new plants/trees brought in to, and planted in a farmer's field with MIDAS support, will count towards MIDAS new hectares indicator. This also means that techniques that raise productivity such as side-grafting and pruning among others, undertaken with MIDAS support in any given project, will not count towards that indicator regardless of the fact that grafting in any plant species produces a new tree in genetic terms.

In this regard, in the 2007 PMP the indicators will be adjusted to reflect this type of technical intervention from MIDAS so that the difference between new net hectares and supported hectares is not only clearly distinguishable but can also be monitored and reported.

4.1.2.2. Cacao

Current Situation:

There are a reported 100,000 hectares of cacao in Colombia. Of this amount 80,000 hectares are described as “no tecnificados” meaning that they are old, under populated, receive little or no care, that they were planted using hybrid seed, that there is heavy disease pressure, and that their level of production are poor.

The Consejo Nacional de Cacao reports that Colombian cacao production this year will, again, drop. Expected registered and reported production is 31-32,000 tones. This means that average production will be around 320 kg/hectare and that imports will increase to some 15,000 tons.

Farmers owning such plantations are harvesters rather than producers. They have little or no incentive to invest either labor or money in their plantations due to low cost-benefit returns. This situation serves to perpetuate a cycle of poverty.

Within these plantations 30% of the trees produce 70% of the harvest. A quick picture of a typical field is that of the 700 trees originally planted, 210 trees are producing approximately 1 kilogram of dried beans while the remaining 490 trees average 0.4 kilograms. One kilogram/tree is considered to be a minimum acceptable level of production. A concerted effort is required to improve cacao production to a level where producers realize significant economic gain.

Geographic Area Addressed

Cacao is and can be grown throughout Colombia in areas with a high correlation to presence of illicit crops and poverty. This is especially true in Nariño, Huila, Tolima, Catatumbo, and Magdalena Media encompassing parts of Santander, Antioquia, Cesar, Cordoba, and the south of Bolivar. The ABC considers that supporting cacao can be an effective tool to combat illicit crops under the MIDAS program.

Technical Approach

MIDAS intends to use a three-tier approach in its work with cacao.

The **first** is the development of new plantations on land that is currently either used in other agricultural crops or out of production. While this is the most expensive form of cacao development it offers an attractive return to farmers. Midas' spacing recommendation for new plantations is 3M X 3M on a triangle which gives a stand of 1,100 trees per hectare. Both temporary and permanent shade trees are planted in this case.

The **second** alternative is to renovate (100% replacement) old, unproductive cacao with 1,000 - 1,100 cloned, disease resistant trees per hectare. The old trees are used as temporary shade and are removed from the field once the transplants (new planted trees) come into production. Because of not having to invest in temporary shade, this is a less expensive method of creating new, highly productive plantations, with higher returns to farmers, and will both stimulate jobs and income generation while showing farmers that cacao can be a sustainable income producing activity.

Not all farmers are willing or able to completely renew their old cacao plantations. For this reason MIDAS has developed a **third tier** approach which is the partial renovation/rehabilitation of old plantations. This consists of the introduction of a package of cultural practices which includes the introduction of new genetic material, shade management, cacao tree pruning, elimination of some

trees and the introduction of new trees where open spaces are found. When using this approach, MIDAS will always aim at combining rehabilitation efforts with the development of new plantations (expansion of farmer's cacao areas).

In 2007 the ABC will seek to establish alliance with Fundación Natura, to achieve Rainforest Alliance certification for a percentage of MIDAS cacao projects.

Once the initial round of projects are decided upon and implemented, MIDAS will conduct targeted APS seminars aimed at soliciting further projects so as to promote and strengthen Colombia's cacao production. All technical assistance and training activities will be discussed with the potential grantees and in all cases, decisions as to the project specific needs will be made upon mutual agreement. MIDAS' goal is to witness Colombia's emergence as a cacao exporter with strong ties to international buyers within four years, thus engaging small-scale producers in the international marketplace. This ambitious objective will require MIDAS to assess current cacao marketing conditions and promote alternative strategies for cocoa commercialization.

4.1.2.3. Specialty Coffee

Current Situation

Coffee in Colombia covers some 900,000 hectares in 16 Departments and is cultivated by 560,000 farmers. Ninety-four percent of the farms are from 0.1 to 5 hectares in size. Of that number, 54 percent are of one hectare or less. Coffee cultivation generates two million direct and indirect jobs or 27 percent of jobs in the agricultural sector.

Coffee is planted using one of three techniques. The first is called "**traditional**" and is characterized by low plant density (<2,500 plants/ha), tall varieties (Typica, Borbón, Maragogipe), and extensive, in-field shade. A second method is **semi-technified** coffee has a plant density of approximately 4,500 plants, shorter, newer varieties, and less shade. The last technique is a **technified plantation** and has plant populations of up to 10,000 plants/hectare, shorter varieties, and no shade. This technique calls for heavy amounts of fertilizers to counteract the lack of shade, and it is not recommended for use among smallholders operating under severe financial constraints.

MIDAS will aim at moving several thousand small coffee growers from the traditional method of planting and managing coffee to that of semi-technified producers.

Geographic Area Addressed

Within the MIDAS corridors there are some 58,000 hectares of traditionally planted and managed coffee, most of which is 30 or more years old and on farms of less than five hectares. These plantings produce an average yield of 375-440 kg/yr of parchment coffee. Properly maintained plantations can produce up to five times more.

Of this total, almost 30,000 hectares are located in areas where illicit crops are prevalent: Catatumbo, Magdalena Media, and Nariño-Cauca. The ABC will focus efforts on specialty coffee renovation within these areas. Another 15,000 plus hectares are located in the Huila-Tolima axis and will also be addressed by the ABC.

Technical Approach

Thirty-year old traditionally managed coffee farms perpetuate a cycle of poverty wherein the small holder uses the small amount of income realized under this system for basic needs, with nothing left over to reinvest in the farm, e.g., to facilitate improved varieties and/or higher plant densities.

The ABC technical approach focuses on the smallest scale producers located in difficult regions. Our technical recommendation provides for continued income while re-establishing the plantation with specialty coffee. Under this approach 16-20% of the area is renovated (planted with new trees) on an annual basis. Given that MIDAS is expected to finalize in 2010 we expect to renovate between 64 - 80% of the coffee planted areas in each farm. MIDAS will focus on bringing traditional coffee farms to semitechnified production systems. This system not only provides for better sustainable incomes to farmers, but can also be subject to certification programs aimed at the specialty coffee segments. MIDAS understands specialty coffee as that which receives a higher price compared to average market prices at any given moment in time.

In 2007, the ABCs will work in partnership with *Fundación Natura* to achieve Rainforest Alliance certification, which signifies a premium market price on the international market. Further, the ABC is in the final stages of processing a 2,500-hectare project in Nariño of which 500 hectares will be implemented in 2007. We are also formulating plans to replant 5,000 hectares during 2007 in other priority areas with Fedecafe. Partnership with governmental entities will be essential to the success of these proposed projects. The role of MIDAS under this approach is that of a catalyst. We will require significant co-financing from key partners in order to be able to intervene in this segment of specialty coffee farmers. All efforts in specialty coffee projects will follow USAID established guidelines.

4.1.2.4. Non-Traditional Products

Current Situation

Colombia has a well deserved international reputation for quality as regards the fresh export of flowers, bananas, plantains, and a small number of exotic fruit. While the greatest portion of fresh fruits and vegetables are consumed locally, limited amounts of other horticultural products are exported in a timely fashion to neighboring countries, and even some internationally to the U.S. and EU. Under the FTA, and in coordination with SPS developments on the part of Colombian government and producers, Colombia will likely achieve a competitive advantage in certain horticultural products.

MIDAS defines non-traditional as fruit, horticultural, fique fiber (jute), plantain, panela cane, livestock, dairy and aquaculture activities whose production is labor intensive and largely limited to local markets but whose potential for export is considered to be an attractive alternative. The list of potential crops will be refined as the Competitiveness Assessment is underway, with intermediate results provided within the first two quarters.

Three major challenges currently confront the fresh product exporters.

1. Lack of existent post harvest infrastructure and the cost associated with its development.
2. Market quality requirement versus shipping quantity needs.
3. Problems regarding small grower access to institutional financial leverage

As regards the first challenge, Colombia does not have an integrated cold chain that allows for the handling and long distance shipping of perishable and highly perishable goods. Currently, even the leading supermarket chains do not manage cold chains, relying rather on a system of frequent deliveries and rapid turnover.

Moreover Colombia finds itself in the unenviable position of entering the fresh fruit and vegetable export business at time when food safety and plant protection demands by U.S. and European governments and buyers have greatly increased the costs related to the construction of post harvest handling facilities. When participating in fresh fruit and vegetable projects aimed to export, MIDAS will carefully assess infrastructure restrictions on a case by case basis to ensure project sustainability from that perspective and propose alternatives.

As regards the second challenge, quality vs. quantity, the issue becomes more complicated when numbers of producers (i.e., many small-scale farmers) are involved at a central packing point. The packing shed managers are concerned with filling and shipping containers; the clock begins at harvest and time lost in a shed translates directly to poorer quality and a shorter shelf life. Conversely it is difficult to maintain a constant quality when dealing with multiple, inexperienced growers, that often do not share technology, varieties etc.

The third challenge is related to loan access for small growers. Historically, this represents a major difficulty in the rural and agricultural sectors given the difficulty of obtaining appropriate loan guarantees and land titles. Amongst the different lessons learnt in project implementation of this kind, is that loan approval is not time consuming, but it is also very hard to obtain for growers and small inexperienced grower associations. Appropriate financial leverage is mandatory for these non-traditional projects, given the fact that the initial implementation phase requires a significant investment in planting, land preparation and technical support.

Geographic Area Addressed

MIDAS has begun processing or discussing potential non-traditional projects with proponents. These projects are located in areas of influence of illicit crop production, prioritized as follows: Nariño, Cauca, Magdalena Medio, as well as Northeastern Antioquia, South of Bolivar, South of Cordoba, Cesar and Santander, Catatumbo – Norte de Santander, Tolima, and Huila.

Technical Approach

Given the present dearth of post-harvest handling facilities, MIDAS, while not discarding the market for fresh produce, is particularly interested in products that can be processed and sold either locally or internationally. These products can often be contracted for on an annually negotiated contract basis allowing farmers to concentrate on maximizing production and assisting them in planning future investment based on their productivity rather than the vagaries of the local fresh market price structure.

Colombia has a reported 1,640 agro-industries that are buyers of agricultural product. MIDAS has begun to establish contact with a small number of these industries in order to determine their need for product and willingness to work with small producer groups. This effort will continue through a series of targeted APS meetings held in priority areas within the MIDAS corridors.

Most non-traditional crops are short cycle, capital- and labor-intensive. Leveraging our collective experience in implementing productive activities in these subsectors, the ABC will incorporate proven characteristics to ensure success. These include:

- Hands on participatory technology transfer to producers.
- Scaled activities: producers begin with small plots and expand their production after experiencing the crop's labor and financial demands.
- Incorporation of internationally accepted best practices: e.g., Good Agricultural Practices, incorporated at the beginning of all the non-traditional projects
- Assured market: productive activities linked to negotiated, fixed price contracts
- Value chain links: promote close working relationships between processor / producers
- In special cases, combining support to currently established areas of high value crops through GAPs, technical assistance etc., with growth projects.

MIDAS' non-traditional portfolio will include projects covering new hectares as well as some renovation/rehabilitation. The focus and concentration of efforts and activities will be in new hectares developed, although in this context renovation/rehabilitation, will be usually accompanied by expansion of existing cultivations as part of project design. An example of renovation/rehabilitation activities would be the introduction of new, more marketable genetic material in ageing orchards, improving cultural practices, and where applicable, help ensure that GAP, SPS and related technologies/requirements are included in program technology transfer packages.

This approach will improve producer competitiveness by the introduction of more marketable material under farming practices that are compatible with international market requirements.

4.1.2.5. Palm

Current Situation

Palm oil production continues to increase in Colombia and is one of the sectors with natural advantages due to the favorable agro-ecological conditions. Palm oil production in Colombia was 672.600 tons in 2005, 6,7% more than the previous year. Fedepalma expects that in 2006 production will reach 700.000 tons. Currently, Colombia has approximately 40,000 hectares of palm planted, of which 170,000 hectares are already in production.

African palm has an agricultural potential of 3 million hectares in the country. It is planted in areas that are most relevant for AD activities and most of these areas have been targeted by USAID/MIDAS/ABC. Demand for palm oil has grown faster than supply and there are new market opportunities for palm derived products, specifically for bio-diesel.

In Colombia, this particular subsector has been recognized as a regional social and economic growth promoter due to the development of public infrastructure. It is currently the agricultural subsector with the largest AD (alternative development) impact, given the generation of sustainable long term jobs and income for growers. Moreover, the production chain has allowed for strategic alliances between small growers and large agribusinesses. This level of integration has become an important domestic model for partnership development in the rural sector.

At present, MIDAS has a waiver for an African palm portfolio that allows for approximately 16,000 hectares and plans to support that entire amount. However, the current portfolio contains presents palm project proposals for over 35,000 hectares. In order to assign the available hectares to the projects that have arrived, palm proposals will be prioritized from an impact driven AD and

economic perspective (considering impact on community, families involved, hectares, infrastructure, technical conditions, IRR, distribution of net economic benefits, etc.). An additional factor taken into account is the influence of illicit crops and prevalence of illegal armed groups in the regions suggested by the proponents.

The ABC approach to African palm production involves a secure market linkage for the small holder producer to the processor. This is achieved by:

- Involving the processor in the project often as its proponent.
- Strengthening the producer associations.
- Ensuring that the proposed business plans are sound, especially as concerns farm to plant transportation.
- Empowering small holders in production techniques.

4.2. Staffing

Given the 2007 approach which will promote higher-value subsector projects, the ABC will manage a portfolio with more projects covering fewer hectares than envisioned at the start of 2006. This, together with the fact that during 2007 a large number of projects will begin to be implemented in the MIDAS Corridors, will require through time, shifting some of MIDAS ABC capacity from the central level to the regions. To this aim, MIDAS will be presenting during mid February a staffing plan for all Components on how this transition is foreseen. Meanwhile MIDAS requests that two Regional Agribusiness Specialists can be hired per corridor, instead one currently approved by Corridor.

4.3. Key Activities Matrix

The ABC's 2007 activities will focus on project development and implementation. Based on our assumptions regarding portfolio diversification we will target approximately 25% of total hectares in our portfolio in new or non-traditional sub-sectors.

The following table depicts an estimated portfolio of projects; based on proposals received from the APS, outreach efforts, and the foundation of current projects. Although this portfolio is based on assumptions, it depicts our effort to balance the ABC portfolio of projects. This portfolio will be further refined with the results of the Competitiveness Assessment.

As seen in Table 7, average MIDAS support requested by project proposals is significantly higher than estimated budget availability for each subsector. This is especially true for projects related to new cacao plantations and non traditional products. It is also worth noting that projects currently approved by the ABC have resulted in higher MIDAS support cost per hectare.

Based on this fact, the ABC must make a significant effort during project development to lower MIDAS support as much as possible through a number of means, including *inter alia*:

- Identify and develop in coordination with the Policy component, new and alternative sources of finance that cover some of the costs that have not traditionally been supported by financial institutions.

- Identify partnerships with public and private institutions at the National and especially regional levels that may be interested in participating and leveraging the projects.
- Identify ways to achieve economies of scale for project implementation through means such as specialized regional/ cluster operators, technical exchange among projects, etc.

As projects are approved through 2007, there will be more clarity for USAID and MIDAS regarding a reasonable average MIDAS support per hectare in the different subsectors. Midway through 2007 MIDAS and USAID will examine the project development status in relation to sectoral implementation targets and will decide on the need for any adjustments in said targets.

In addition to the above, during the first two quarters of 2007, all of the 25 projects received through the MIDAS – CAPP merge will be reviewed in order to perform adjustments in terms of goals and budget in the cases where said adjustments are needed.

Table 6

Projects	Supported Ha	Equivalent New Has (A)	Ha % (estimated) (B)	MIDAS Average Support US\$/Ha (C)	Total MIDAS Cost USD \$ (D=A*C)	Average Proponent Initial Request for Support US\$/Ha (E)	% MIDAS Available Funds / Initial Proponent Request (F=C/E)
Cocoa new plantations (1st and 2nd Tiers) (1)	43 000	43 000	33.1%	237	10 199 413	713	33%
Cocoa renovation/rehabilitation (3rd Tier)	28,786	18,318	14.1%	108	1,987,338	150	72%
African Palm	20,700	20,700	15.9%	258	5,345,800	550	47%
Specialty Coffee	20 000	15 000	11.5%	150	2 250 000	250	60%
Non-Traditional new plantations (2)	24,000	24,000	18.5%	280	5,040,000	980	29%
Non-Traditional renovation/rehabilitation & growth (3)	13,000	9,000	6.9%	150	2,250,000	588	26%
Total	149,486	130,018	100%	197	27,072,551	539	37%

(1) About 1/3 of new plantations will be achieved by Tier 2 (100% renovation/crop replacement) approach
(2) About 1/4 of new plantations will be achieved by 100% renovation/crop replacement approach
(3) About 5,000 of the 9,000 Has. will be achieved by growth of current plantations/orchards and 4,000 by renovation/rehabilitation approach

In this regard, our Key Activities are the usual business development activities as we evaluate/develop proposals and implement projects. Some other key development activities are sketched in the matrix below:

Table 7

ACTIVITY	IMPLEMENTATION STRATEGY	SUB-TASKS	Q FY07			
			1	2	3	4
Cocoa Commercialization	Assess current cacao marketing conditions	Promote alternative strategies for cocoa commercialization.				
Adjustment of PMP indicators	Address rehabilitation and renovation technical intervention.	Establish difference between new net hectares and supported hectares.				
Solicit well-thought out proposals, located in strategic regions and the identified sub-sectors, with a AD focus	Regional focus –	- Prioritize key regions according to illicit crop influence and AD impact - Select projects on an impact driven basis and potential beneficiaries - Select projects based on the preliminary results of the competitiveness assessment focus				
	Project criteria and evaluation parameters	Consider qualitative indicators directed towards social indicators, welfare and AD				
	Coordinate with regional MIDAS offices for promotion and identification of proposals	Focused APS, according to regional and portfolio diversification requirements				
	Ensure that potential proponents have basic information	Provide customers w/info on MIDAS process requirements				
		After 1 st Review Committee provide more hands-on assistance in business plan development				
		Train Regional Office staff in ABC targets/goals				
	Accelerate the Proposal development process.	Standardize Project Description; budget formats; TA/TT program methodology	Train PC staff in agreed-upon standard formats (PDs and budgets)			
Develop info-sheets for potential proponents so that requirements are clear						
Evaluation of existing technical packages and usefulness of FFS methodology						
Develop business plans that are credit worthy						
Encourage capable project operators with significant managerial skills.	Identify potential project operators	Via industry: market-driven demand				
		Value-chain linked operators - according to sub-sector and location				
		Ensure that NGOs/Associations have association strengthening in budgets and activities				

ACTIVITY	IMPLEMENTATION STRATEGY	SUB-TASKS	Q FY07			
			1	2	3	4
Revision of sectoral commitments	Revision of portfolio status, goal and average MIDAS support per hectare, considering the results of both the Competitiveness Assessment and the Sources of Finance Assessment.	Meeting between the ABC, COP/ DCOP, and USAID CTO/ AM.				
Revision of Sources of Finance Assessment.	Program specific activity schedule with Policy Component	Arrange meetings with financial institutions and private sector willing to participate and leverage projects				
Coordinate with ABC Partners	w/ MIDAS Components	SMEC: - identify potential operators under development. - Work with SME-developed operators to strengthen our associations and project integrators involved in ABC projects. - Share information with the SMEC on all projects where opportunities for synergies are identified.				
		POLICY - Development of alternative sources of financing for agribusiness projects				
		- Develop specific projects (phytosanitary, low prevalence areas)				
		- Coordinate activities to achieve private sector and private banking leverage for projects				
		- Facilitate finance from sustainable, non-subsidized sources wherever possible				
		- Support pilot projects with the regional offices				
		- Find opportunities to implement GAP, product certification (ISO, organic, kosher, etc.) and increase competitiveness				
		- Implement new projects with the technology of the pilot programs				
- PC Activity Leaders for SPS and Financial Reform will participate in the Assessment Stage Review Committees for all MIDAS projects under development.						
CFC: - Specific project development, project financing, land titles, etc. - Implement cacao project in Tumaco.						

ACTIVITY	IMPLEMENTATION STRATEGY	SUB-TASKS	Q FY07			
			1	2	3	4
	w/ PCI/Acción Social/Programa de Familias Guardabosques and other GOC (Consejo Nacional de Secretarías de Agricultura, various Secretarías de Agricultura, Centros Provinciales de Desarrollo Agrícola, and Cámaras de Comercio).	Work closely with these institutions. The ABC regional staff will be meet on a regular basis with local officials in order to secure specific work schedules and activity agenda. The specific schedule will be determined as local hiring is completed in each regional office. - NOTE: Familias Guardabosques that participate in MIDAS projects must comply with the specific project requirements in terms of hectares (unidad minima rentable).				
	w/ other AD programs, including ADAM	- Develop cacao project in Tumaco w/CFC. - Develop at least 2 joint projects (fruits &/or horticulture) in Huila, Cauca, Tolima, and/or Santander. - Develop at least 2 joint projects – coffee in Huila, Cauca, and/or Tolima. - Develop joint FFS monitoring and evaluation for cacao projects.				
Develop Competitive Clusters	Promote projects that are linked to viable value chains	- Support value-chain segment vertical integration in project development - Support social and economic value – added activities in potential grants - Promote beneficiary involvement in the production chain and in private sector entrepreneurial activities				
Increase Market-based Finance Sources	Identify & cultivate alternatives to FINAGRO and Banco Agrario	- Achieve a greater financial leverage via private banks - Support loan approval activities - Work w/Policy component in order to accelerate loan approval timing				
		- Produce profiles to enhance banking community's subsector knowledge				
Support TLC Opportunities	Identify competitive subsectors	Undertake Competitiveness Assessment				
	Support compliance to overcome NTBs and TBTs	Link to U.S. importers during project development				
		Coordination with Policy and other sources of TA re NTB/TBTs				

4.4. Optimizing Implementation

4.4.1. Proposal Development Optimization Plans

In order to accelerate the proposal development process, the ABC will standardize internal review formats as well as component information and project documentation required.

The ABC will provide potential proponents with basic information with sufficient detail so as to provide potential proponents with a framework so that proposals prepared have meaningful data – which in turn should speed up proposal review and evaluation. The ABC will publish additional APSs early in 2007 that will include this more detailed information. We will also target several requests for proposal efforts on a subsector and geographic basis, as described above.

Given the 2007 Strategy that targets “non-traditional” sub-sectors as identified by the Competitiveness Assessment (among other sources), the ABC has already begun and will continue to begin developing alliances between industries, grower associations, and financial intermediaries to stimulate demand for the MIDAS ABC services. Results from the Competitiveness Assessment will be available early first quarter 2007.

4.4.2. Project Monitoring/REVA Optimization Plans

The Review, Evaluate, Verify and Advise (REVA) system was introduced to permit a consistent forum for informing senior management and departments on the technical progress of projects. REVA meetings are traditionally held once per month per project cluster. In 2007 however, REVA meetings will be held less frequently for those projects considered low risk and on target – and more frequently for those projects that are considered in a critical stage but covering all projects. REVA starts with monthly grantee progress reporting and is combined with Project Coordinator (PC) knowledge obtained through site visits and ongoing dialogues with the Grantee. USAID will be invited to all REVA meetings.

PCs will continue to be the key personnel for monitoring project progress for the ABC. They are responsible for monitoring project technical project progress; understanding and anticipating obstacles facing the projects, and helping the Grantee formulate solutions. The PCs are tasked with overseeing project success from Grant signing to close-out – which includes identifying and monitoring key benchmarks/milestones. Regional ABC personnel will play a critical role in providing up-to-date information on project implementation and alerting ABC management of any issue that may disrupt/affect project implementation.

Under MIDAS, the ABC PCs meet with key project personnel and field technicians regularly to broaden their understanding of technical issues facing their projects. The PCs and technical field teams work to resolve issues that hinder progress. In Bogota, the PCs have access to the ABC Director, Deputy Director, and other senior agribusiness staff to brainstorm potential solutions to field-level issues.

4.4.3. Proposal Development and Project Implementation Projections

4.4.3.1. Proposal Development Chart

Table 8

ACTIVITY	CUM Y1	YEAR 2 / 2007												TOTAL
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
		Proposals Received (MIDAS Only)	6	10	10	15	15	10						
Cumulative	114	120	130	140	155	170	180	180	180	180	180	180	180	180
Proposals In Approval (MIDAS Only)	0	3	5	5	3	3	3	3	5	5	4	2	41	
Cumulative	3	3	6	11	16	19	22	25	28	33	38	42	44	
Projects Signed (MIDAS and CAPP)^	0	1	4	5	3	3	3	3	3	3	3	2	33	
Cumulative	27	27	28	32	37	40	43	46	49	52	55	58	60	
Projects Closed (MIDAS and CAPP)			1		1	1	1	4	11		3		22	
Cumulative	3	3	3	4	4	5	6	7	11	22	22	25	25	

^ "Projects Signed" includes 25 CAPP Grants that merged to MIDAS on June 30, 2006.

4.5. Coordination and Cooperation Plans

4.5.1. Between Bogotá and Corridor Offices

In 2007 the ABC will rely on the field offices to assist both development and implementation of projects. In terms of project development, our field representatives will assist us in targeting sub-sectors and covering geographic territory designated in the contract. In terms of project implementation they will assist in technology transfer activities and monitoring, and will facilitate the collection of information required for various reporting requirements.

4.5.2. With MIDAS Components

Policy: In 2007 we seek to exploit natural synergies related to ongoing Policy Component activities: Specifically, in Lower Guajira, we will take advantage of a 14-month investment in developing a low-pest prevalence area and seek to develop a project that exports fresh fruit (e.g., melon, peppers) to the United States. We will participate with the Policy Component's Good Agricultural Practices (GAP) ongoing activities and together we will propose and coordinate further strategies/activities that may enhance our projects.

Further, the Policy Component is leading the charge to facilitate market-based finance sources for productive projects in Colombia. The ABC will coordinate with Policy on this effort to facilitate finance from sustainable, non-subsidized sources wherever possible. During the first semester of 2007, the ABC and the Policy Component will propose and coordinate strategies /activities and develop achievable targets aimed to increase ABC project success.

To enhance and optimize coordination on this regard, in 2007, the PC Activity Leaders for SPS and Financial Reform will work in coordination with the ABC staff and participate in the Assessment Stage Review Committees for all MIDAS projects under development.

SMEC: The ABC believes that within every one of our projects there is a possibility for SMEC participation. We are currently exploring within the SMEC how we can utilize the Project Suppliers they are cultivating/developing to feed into our project implementation activities. Our greatest synergy lies in tapping SME-developed operators to strengthen our associations and project integrators involved in ABC projects. Also, some proposals that may not be eligible for ABC support (because they do not promote new hectares) may be eligible for SMEC support. The ABC will share information with the SMEC on all projects where opportunities for synergies are identified. During 2007 first quarter a concrete action plan for the activities mentioned above will be jointly developed with SMEC to be presented to USAID.

Forestry: In conjunction with *Accion Social*, ADAM and the CFC, the ABC will develop sustainable cacao projects in the Tumaco region, Nariño province. The joint activities will be discussed and defined during the first two quarters of 2007. A challenge for 2007 is defining a model to jointly support agro-forestry proposals as they are received under the APS.

Further, the ABC has received project proposals in the rubber sub-sector. These projects are passed directly to the CFC.

4.5.3. With ADAM

We are currently working to develop a joint project with ADAM (and *Accion Social*) for a cacao project in Tumaco. The natural synergy comes with our respective mandates: ADAM has funds to provide social and economic infrastructure, where the ABC has funds to provide technical assistance, assist in sourcing finance, and launching sound business models. These are hectares of the highly-prized *fino de aroma* cacao, with an existing tree population of about 2.5 million. MIDAS will promote the identification and quantification of the best producing trees, and will use these “super” trees as clonal material to repopulate deteriorated plantations. Part of ADAM’s participation in the project will be the improvement and perhaps extension of the area’s drainage system.

In 2006 we began exploring collaborative horticultural (fruit and vegetable) activities in Huila, Cauca, Tolima, Bolivar and Santander. A joint work plan is underway.

4.5.4. With Other AD Programs

4.5.4.1. Accion Social/GoC

The ABC has historically worked in tandem with *Accion Social*, since the latter is our mandated link to the GOC’s Programa Presidencial Contra Cultivos Ilícitos (PCI) program. However, we believe our cooperation can be strengthened via more consistent and regular communication. To enhance our efforts with *Accion Social* we have initiated meetings to analyze specific projects in both of our portfolios to see where we might leverage resources in a coordinated effort. During 2007 there will also be coordination with the Ministry of Agriculture’s *Alianzas Productivas* project.

Specific joint PCI/MIDAS projects efforts may include palm and cacao in Tumaco, cacao in Uraba, cacao in La Sierra Nevada de Santa Marta, and specialty coffee in El Macizo Colombiano.

All projects undertaken in coordination with Colombian public institutions need to surpass MIDAS project development criteria to be eligible for support, and reasonably assure their sustainability.

4.5.4.2. Other AD Programs

We hope to work with the recently inaugurated OIM project that benefits *reinsertados* in developing a MIDAS productive program.

4.6. Plan for Involving Vulnerable Groups

We are working with Afro-Colombians in Nariño in the palm sub-sector, and hope to expand that effort in 2007, targeting cacao. We have identified regions such as Catatumbo and Sierra Nevada in which we hope to work with indigenous, displaced people, and look to possible incentives to promote greater involvement of these populations.

A current pipeline project that would be implemented in 2007 involves supporting economic re-insertion of demobilized ex-combatants in Magdalena. During 2007 first quarter a concrete action

plan to ensure the involvement of vulnerable groups in MIDAS projects will be developed and presented to USAID.

4.7. 2007 Quantitative Objectives

4.7.1. Commitments Chart

Table 9

Main Indicators Commitments	LOP GOALS	CUMUL YEAR 1*	YEAR 2 / 2007												YEAR 2*	O AL	%
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec			
1. Number of Jobs Created	31,000	2,841	0	606	606	1,818	1,818	1,818	1,818	2,424	2,424	2,424	2,424	1,818	20,000	22,841	74%
2. Hectares	149,739	25,939	0	1,333	1,333	4,000	4,000	4,000	4,000	5,333	5,333	5,333	5,333	4,000	44,000	69,939	47%
2.1 Natural Forest Hectares																	
3. Number of Families Benefited	18,837	3,682	0	429	429	1,288	1,288	1,288	1,288	1,717	1,717	1,717	1,717	1,288	14,166	17,848	95%
4. Private Sector Firms Formed or Strengthened	70	27	0	1	1	3	3	3	3	4	4	4	4	3	33	60	86%
5. Projects Signed	70	27	0	1	1	3	3	3	3	4	4	4	4	3	33	60	86%
6. Total Value of Supported Projects (US\$000)	329,426	155,514	0	3,636	3,636	10,909	10,909	10,909	10,909	14,545	14,545	14,545	14,545	10,909	120,000	275,514	84%
7. MIDAS Average Share of Total Investment (%)	13%	12%		22%	22%	7%	7%	7%	6%	6%	6%	4%	4%	4%	7%	9%	
8. MIDAS Total Project Support (US\$000)	42,292	17,936	0	807	807	807	807	807	660	880	880	587	587	440	6,070	26,006	61%

4.7.2. Projected Result including Expenditures/Cash Flow Chart

Table 10

Main Indicators Achieved / Cash Flow	LOP GOALS	CUMUL YEAR 1*	YEAR 2 / 2007												YEAR 2*	O AL	%
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec			
1. Number of Jobs Created	31,000	2,841	85	189	318	576	654	706	835	964	835	964	964	1,248	8,338	11,179	36.1%
2. Hectares	149,739	1,632	100	1,000	1,739	4,500	4,800	5,000	4,000	4,500	5,500	6,000	4,500	4,600	46,239	47,871	32.0%
Natural Forest Hectares																	
3. Number of Families Benefited	18,837	639	199	263	343	503	551	583	663	743	663	743	743	918	6,913	7,582	40.1%
4. Private Sector Firms Formed or Strengthened	55	2		1	4	5	3	3	3	3	3	3	3	2	33	35	63.6%
5. Total Value of Supported Projects (US\$000)	329,426	4,851	297	2,972	5,169	11,889	12,780	13,375	10,403	11,889	16,347	17,833	13,375	5,944	122,273	127,123	38.6%
6. MIDAS Average Share of Total Investment (%)	12.8%	43.5%	16.9%	17.5%	17.4%	12.8%	12.8%	11.7%	15.6%	15.7%	15.2%	14.2%	14.0%	20.6%	14.6%	15.7%	
7. MIDAS Total Project Support (US\$000)	42,292	2,111	50	520	899	1,519	1,631	1,566	1,623	1,862	2,486	2,539	1,872	1,223	17,791	19,903	47.1%

Table 11

Main indicators Achieved / Cash Flow	LOP GOALS	CUMUL YEAR 1*	MIDAS ONLY YEAR 2 / 2007												YEAR 2*	O AL	%
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec			
1. Number of obs Created	31 000		26	129	258	517	59	6 6	775	905	775	905	905	1 183	7 625	7 625	24.6%
2. Hectares Planted	130 000		100	500	1 000	2 000	2 300	2 500	3 000	3 500	3 000	3 500	3 500	600	29 800	29 500	22.7%
3. Number of Families Benefited	16 000		16	80	160	320	368	00	80	559	80	559	559	735	4 715	4 715	29.5%
4. Private Sector Firms Formed or Strengthened	70	2	-	1		5	3	3	3	3	3	3	3	2	33	33	47.1%
5. total Value of Supported Projects (US\$000)	329 426	18 773	272	1 362	2 723	085	902	5 6	6 808	8 170	8 170	9 531	9 531	5 6	66 446	66 446	20.2%
6. MIDAS Average Share of total Investment (%)	8%	1%	7%	7%	7%	9%	8%	8%	8%	8%	7%	7%	7%	(2%)	8%	8 0%	
7. MIDAS total Project Support (US\$000)	28 916	196	18	90	180	360	1	50	5 0	630	5 0	630	630	630	5 112	5 308	19.7%

*Calendar Year

4.8. Basic Budget

Table 12

MIDAS ABC DIRECT COST FORECAST (includes CAPP)					
Line Item	Q1	Q2	Q3	Q4	Total
Long Term Labor*	319,940	319,940	319,940	319,940	1,279,759
ST Labor*	36,936	36,936	36,936	36,936	147,745
Total Labor	356,876	356,876	356,876	356,876	1,427,504
Travel & Per Diem	79,173	79,173	79,173	79,173	316,692
Seminars, Workshops, and Conferences	75,000	75,000	75,000	75,000	300,000
Total Field Trips & Training	154,173	154,173	154,173	154,173	616,692
Project Support Grants and Subcontracts MIDAS	288,000	1,224,000	1,710,000	1,715,712	4,937,712
Project Support Grants and Subcontracts CAPP	936,333	3,387,333	4,436,333	3,721,333	12,481,333
Other US Grants and Subcontracts	204,500	204,500			409,000
Other Local Grants and Subcontracts	60,000	-	60,000	60,000	180,000
Total Grants and Subcontracts	1,488,833	4,815,833	6,206,333	5,497,045	18,008,045
Subtotal	1,999,882	5,326,882	6,717,382	6,008,094	20,052,241

As seen in Table 12, the largest portion of resources for Grants and Subcontracts is associated to the CAPP portfolio that was merged into MIDAS mid 2006. It is important to note that these projects will be closing during 2007 and not all resources available will be disbursed as some of the projects may exceed goals and not require all the funding and other may under perform and also not use their full budget. Therefore, at the end of the first Quarter of 2007 a more accurate estimate of direct cost for these projects will be presented to USAID.

The figures in the table are only the direct cost request by the Component in the line items shown.