



## **SMEC 2007 Work Plan**

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### **Executive Summary**

At the end of 2006, the SMEC component had actual achievements of 4% (520 jobs) of the life of contract indicator for Numbers of Jobs Created and 2.5% (10,327 families) for Number of Families Benefited. Total component expenditures were \$2,474,427, representing 5% of total life of contract funding available for the SMEC component.

At the end of 2007, we project that the SMEC component will have achieved a cumulative total of 35% (44,032 jobs) of the life of contract indicator for Numbers of Jobs Created and 49% (204,420 families) for Number of Families Benefited. Total component expenditures for 2007 are projected to be \$18,053,654, representing 36% of total life of contract funding available for the SMEC component.

## SMEC WORK PLAN 2007

### **1. Component Basics/Background**

#### **1.1. General Objectives**

The MIDAS SME Component (SMEC) focuses on providing training and technical assistance to productive initiatives in expansion phases that will increase their sales and create more jobs in the corridors. In order to access MIDAS support, firms must operate in a highly competitive manner on an ongoing basis, and address viable market demands. In order to ensure these characteristics, approved MIDAS expansion projects must have gone through the SMEC assessment process, guaranteeing that the project maximizes MIDAS' investment rate of return (high probability of sustainable job creation).

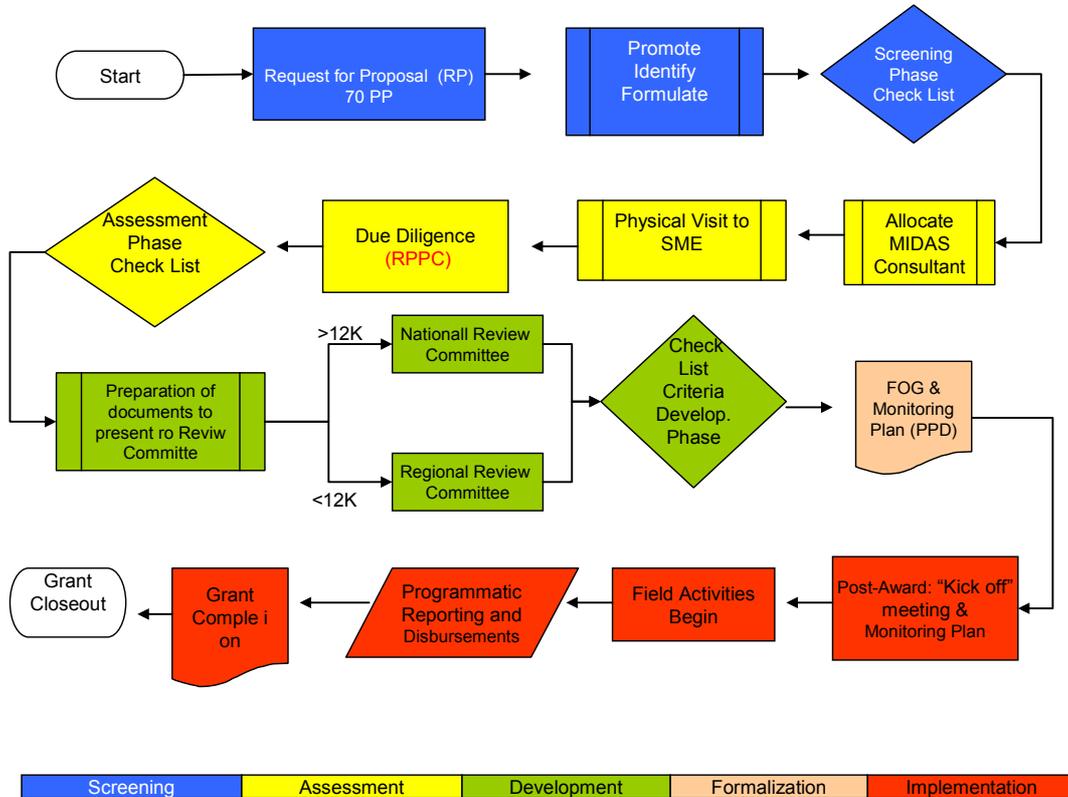
#### **1.2. Basic Methodology**

The MIDAS SMEC methodology begins with the issuance of a Request for Quotations aimed at building a formal Projects Suppliers' (PS) network. The PS is responsible for making the business community at-large aware of the availability and characteristics of the MIDAS SMEC Program. The PS must also identify and screen the proposals that comply with the SMEC criteria, and formulates those proposals to comply with the SMEC objectives. Once the project is formulated and fulfills the Screening Checklist, the PS submits the project to the Regional Office where the *Screening Phase* is completed and the *Assessment Phase* takes place.

The *Assessment Phase* includes an in-depth evaluation process where a complete verification of the project's sustainability is carried out by the MIDAS Consultants in each corridor office. This in-depth evaluation process includes visiting the SME or group of SMEs to verify the project's formulation (objectives, expected results, need or opportunity that is being addressed, etc), gathering additional information on topics such as managerial capabilities, consultant suitability, technical factors, etc. A positive visit combined with affirmative due diligence and compliance of the Assessment Checklist accounts for the conditions that allow a proposal to pass on to the *Development Phase*, which consists of the preparation of the documentation for the Review Committee.

After the project is approved, a *formalization stage* begins where the grant agreement (Fixed Obligation Grant) is drawn up by the MIDAS' Grants & Contracts department. When the grantee signs the FOG, the implementation phase starts with a commencement meeting (*reunión de arranque*) where a start-up certification of the technical assistance (*acta de inicio*) is signed. The implementation phase and the grant closeout are also led at the regional level by MIDAS Consultants.

**Diagram 1**



### 1.3. Characteristics vs. Other Components and AD Programs

The SMEC is a demand-driven component that focuses on leveraging ongoing collective mature projects (*proyectos asociativos maduros o en marcha*) with decreasing marginal costs per new SME included in the association or alliance supported. This scheme makes sure that after its intervention the Component has strengthened value chains or cluster initiatives, ensured long-term sustainability of competitive businesses and reduced job reversal from licit to illicit activities.

Because of the characteristics of its beneficiaries (mainly SMEs) and its ambitious goals, the SMEC is described as a high volume component, which concentrates on small and short-term projects that due to their maturity create a high number of jobs minimizing MIDAS' investment per job generated. This is quite the opposite of the Agribusiness and Commercial Forestry Components which focus on large and long-term projects involving significant financial and TA support alongside the project's development phases.

Due to its high volume characteristic, the SMEC works with a decentralized operational structure with approval of small projects (MIDAS' investment < US\$12,000), and project evaluation and implementation processes taking place at the corridor offices level.

Another key characteristic of the SMEC is that it supports itself in two very important networks consisting of project suppliers and business service providers. Project suppliers have the responsibility of identifying, formulating and presenting project proposals, and business service providers provide the technical assistance services to the SMEC beneficiaries. In order to ensure the component goals are met, these two networks have to work hand-in-hand, and must be strengthened throughout the project life to build private and institutional capacity that enables them to continue providing these types of services after the MIDAS Program ends.

## **2. Life of Program Work Plan**

### **2.1. Basic LoP Component Objectives in terms of Commitments**

#### **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 23 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	CUMUL YEAR 1*	Y2	Y3	Y 4	Y 5	TOTAL
1. Number of Jobs Created	SO2, SO3	2.1	125,000	4,682	43,023	37,500	31,250	8,545	125,000
2. Hectares	SO2	2.1, 2.3							
2.1 Hectares Natural Forest									
3. Number of Families Benefited (ACI)			125,000	4,682	43,023	37,500	31,250	8,545	125,000
3.1 Number of Families Benefited (Internal SME)	SO2	2.1	418,000	14,489	193,604	168,750	140,625	45,032	562,500
4. Sales Increase Percentage per Year /SME	SO2	2.1	20%	26%	20%	20%	20%	20%	20%
5. Producer Associations/ Processor Strengthened	SO2	2.2	8	4	17	19	16	9	65
6. Proposals Being Processed	INTERNAL		8,300	45	1,124	1,228	1,049	562	4,008
7. Projects Signed	INTERNAL		3,897	31	1,067	1,088	933	284	3,403
8. Number of Alliances Developed	INTERNAL		257	13	179	196	169	98	655
9. Private Sector firms Formed or Strengthened	SO2	2.2	10,400	1,205	2,978	2,957	2,578	682	10,400
10. Productive Infrastructure Projects Completed	SO2	2.1	-	-	-	-	-	-	-
11. Total Project Commitments (US\$000)	INTERNAL		130,000	5,941	43,583	39,000	32,500	8,976	130,000
12. MIDAS Average Share of Total Investment (%)	INTERNAL		20%	12%	21%	20%	20%	22%	20.0%
13. MIDAS Total Project Support (US\$000)			26,000	733	8,949	7,800	6,500	2,018	26,000
14. Private Sector Funds Utilized (US\$000)	SO2, SO3	2.2, 2.1	97,500	4,882	32,469	29,250	24,375	6,524	97,500
15. Colombian Public Sector Funds Utilized (US\$000)	SO2	3.1	6,500	326	2,165	1,950	1,625	434	6,500

The 2006 SMEC work plan goals represented 1% of the 5-year program objectives. However, the SMEC closed 2006 committing 2.8% of its resources and 3.7% of the jobs to be achieved by the SMEC by 2010 when MIDAS Program is finished.

During 2007, the SMEC plans to commit close to 35% of its global objectives in terms of resources and jobs to be created. Consequently, the cumulative commitments will be close to 38% by the end of the year. In consequence, and in relation with the forecasted development of the coming years, 2008 will represent the commitment of 30% of its resources and goals; 2009 will represent 25%, and 2010 commitment of the remaining 7%.

Resources will be committed until the first semester of 2010 in order to allow the final disbursements and the closing of the projects, in accordance with the life of the program.

Based on the experience of the fast track period, the average cost of MIDAS support allows the SMEC to forecast a slight reduction in the total number of projects to support. At this moment, the SMEC estimates 1,067 projects for 2007, 1,088 for 2008, 933 for 2009 and 284 for 2010, for a total number of proposals approved, signed and implemented in the 5 years of 3,403.

In terms of the MIDAS SMEC average share of Total Investment, the SMEC closed 2006 with a figure of 12%, which is below the internal goal of 20%, reinforcing the catalytic condition of the program resources. The current forecast estimates leveraging of 21% in 2007, in order to maintain the 20% standard for the cumulative operation and for the life of the program.

## 2.2. Project Commitments and Cash Flow LoP by Quarter

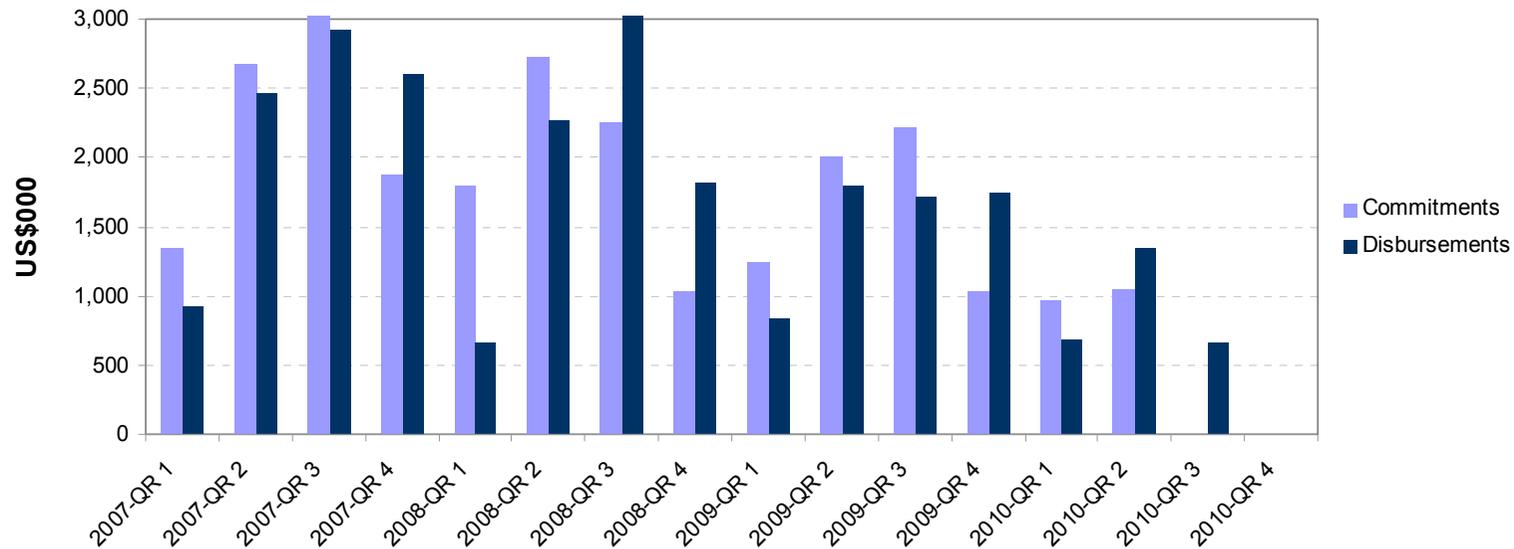
Table 2

	2006	2007				2008			
		QR 1	QR 2	QR 3	QR 4	QR 1	QR 2	QR 3	QR 4
<b>Committed to Projects (US\$000)</b>	\$ 733	\$ 1,348	\$ 2,681	\$ 3,040	\$ 1,883	\$ 1,793	\$ 2,722	\$ 2,256	\$ 1,029
<b>Project Disbursements (US\$000)</b>	\$ 3	\$ 920	\$ 2,464	\$ 2,930	\$ 2,601	\$ 665	\$ 2,267	\$ 3,557	\$ 1,816

	2009				2010				TOTAL
	QR 1	QR 2	QR 3	QR 4	QR 1	QR 2	QR 3	QR 4	
<b>Committed to Projects (US\$000)</b>	\$ 1,251	\$ 1,998	\$ 2,218	\$ 1,033	\$ 967	\$ 1,048	\$ 0	\$ 0	\$ 26,000
<b>Project Disbursements (US\$000)</b>	\$ 838	\$ 1,792	\$ 1,715	\$ 1,747	\$ 682	\$ 1,346	\$ 658	\$ 0	\$ 26,000

Graph 1



As shown in Table 2, more than 65% of the approvals will be made during Quarters 2 and 3 each year. Due to the estimated duration of an average project of the component (8 months), the amount committed and disbursed each year will be relatively similar until 2009. Resources will be committed until the first semester of 2010 in order to facilitate the final disbursements and closing of projects.

The SMEC uses the Fixed Obligation Grant as its default Grants & Subcontracts instrument. Consequently, the disbursements are made exclusively against the reception of the technical assistance's agreed deliverables and the certification of the committed number of jobs. Additionally, the SMEC has decided that the duration of these agreements will be of two years, in order to account in the best possible way the impacts (jobs, sales increase, families) of MIDAS' support to its beneficiaries. Therefore, in terms of grants' closings, there will be an important increase starting in the second semester of 2008 until 2010 when the Program finishes.

### 3. 2006 Achievements

#### 3.1. Hiring – Bogota and Corridor Offices

The staffing process for the Bogotá Office finished 2006 with 11 positions filled, representing 79% of its goal, including the 2 new positions presented in this work plan. Concerning the corridor offices, all 6 corridor offices were operational. While in the process of hiring the Medellín office personnel, members of the SMEC will temporarily assume these roles and responsibilities by traveling there in shifts in order to ensure that the office will be able to receive project proposals and assist the needs of its clients. Altogether, as of 2006 32 of the 64 positions that account for the entire SMEC were filled, equating to an operating capacity of 50%. Details of the status of the SMEC hiring process for 2006 can be found in Table 3 below. 100% of the regional staffing process will be finished by February 2007.

Table 3

CORRIDOR	NO.	POSITION	NAME
BOG	1	Senior manager SMEC	Natalia Arias
	2	Deputy manager	Ricardo Garzón
	3	Technical Coordinator of Proposals	Luis Eduardo Laverde
	4	SME Project Finance Analyst	Jesús Maturana
	5	SME Tech. Develop. Specialist	Claudia Tabares
	6	SME Market Linkages and Comp.	Luis Gonzalo Gómez
	7	Training and TA Network Coordinator	Alejandro Serrano
	8	Financing and Special Projects Coordinator	Ramsés Vargas
	9	Business Development Coordinator	Mónica Varela
	10	Structure and Budgeting Specialist	Diana Ospina
	11	SME Senior Admin. Assistant	Marcela Franco
BMANGA	12	Regional Director	Jorge Cortissoz
	13	Regional Technical Coordinator	Pedro Enrique Olaya
	14	MIDAS Consultant BMANGA 1	Hanz Durán
	15	Regional BDC	Marco Sergio Cote
BQUILLA	16	Regional Technical Coordinator	Pedro Sierra
	17	MIDAS Consultant BQUILLA 1	Jesús de Moya
	18	Regional BDC	Denis Fajardo
CALI	19	Regional Director	Felipe Millán
	20	MIDAS Consultant CALI 1	Wilson Zapata
	21	Regional BDC	Alejandro García
	22	MIDAS Consultant CALI 2	Viviana Vallejo
MED.	23	MIDAS Consultant MED 1	Mauricio Hoyos
PER.	24	Regional Director	Adriana Rivera
	25	Regional Technical Coordinator	Luis Gonzalo Bernal
	26	SME Admin. Assis.	Lina Marcela Vélez
	27	Regional BDC	Jorge Gómez
	28	MIDAS Consultant PEREIRA 1	Oscar González
NEIVA	29	Regional Director	Mirna Sánchez
	30	Regional BDC	Mario Andrés Prado
	31	Regional Technical Coordinator	Kristian Tello
	32	SME Admin. Assis.	Reynaldo Bacca

### 3.2. Development of Projects Suppliers' Network

The SMEC was able to integrate its network of strategic allies to perform as Project Suppliers. The most recognized and experienced business organizations of the country were the first to become part of the network, as they were part of ARD's proposal partners, prior CED Program operators, or organizations holding key characteristics that qualify them as a unique organization able to develop a particular role (sole source). These organizations are shown in Table 4 below.

Table 4

Projects Supplier	
1	ACICAM
2	ACOPI
3	Acoplásticos
4	ANDI
5	ASTAF
6	Camacol
7	Cámara de Comercio de Barrancabermeja
8	Centro Nacional de Productividad
9	Deloitte
10	FENALCO
11	Fundes
12	Latinpyme

Through a public and competitive process, the SMEC completed that network by selecting a group of sixty-three organizations that will undertake the PS's role at the regional corridors, among which will be most of the more relevant organizations working on business development within the regions.

Furthermore, the high quality and expertise of the SMEC allies ensure not only the achievement of the component targets, but also the enhancement of their technical and project management capabilities through the implementation of training workshops.

The regional distribution for the selected institutions is presented in Table 5 below:

Table 5

Department	No. of PS's
Valle del Cauca	13
Bogotá (nationwide action)	9
Antioquia	6
Atlántico	6
Risaralda	5
Cauca	4
Santander	4
Bolívar	3

Department	No. of PS's
Caldas	3
Huila	3
Boyacá	2
Quindío	2
Córdoba	1
Nariño	1
Norte de Santander	1
<b>Total</b>	<b>63</b>

After the public bid, the SMEC expected to select at least two project suppliers from each of the 20 Colombian departments covered by MIDAS. For those departments that do not have projects supplier's representation (Cesar, Chocó, Guajira, Magdalena, Nariño, Putumayo and Tolima), corridor offices will be responsible to identify them based upon experience in similar projects.

The Projects Suppliers' Network composition by corridor is presented in Table 6 below:

Table 6

Corridor	No. of PS's
Suroccidente	18
Eje Cafetero	10
Bogota (nationwide action)	9
Costa Atlántica / Sierra Nevada	9
Magdalena Medio / Santanderes / Boyacá	7
Antioquia / Urabá / Choco	7
Macizo / Putumayo	3
<b>Total</b>	<b>63</b>

The SMEC closed 2006 signing 40 of the 63 projected BPAs, and the rest will be subscribed by January 2007, and once the entire network is appointed, formal training sessions will start for all whole Project suppliers' network.

### 3.3. Improving access to SME financing

As a key strategy for ensuring the leverage required for the potential beneficiaries of the SMEC, a set of tools for overcoming key financial constraints from the supply and the demand side have been designed. Thus, in line with the MIDAS sustainable finance strategy, the SMEC together with the Policy Component have developed a set of market-friendly tools to reduce information asymmetries and other transaction costs, and promote adoption of improved SME lending technologies.

On the supply side, the SMEC has reached an agreement to work together with Financiera Compartir and in 2007 will be promoting additional agreements with Banco de Colombia, Banco BBVA, Banco de Occidente, and Banco de Bogotá. The agreements will identify lending information requirements and paper work which will be reviewed with the financial teams working under the MIDAS Policy Component inside these financial institutions. The MIDAS Policy

Component teams will use information on paperwork and costly lending requirements and procedures to streamline procedures, reduce transaction costs, and introduce more efficient risk-based SME lending policies inside the banks. All agreements with financial institutions will be developed on a MIDAS-wide basis in collaboration with the Policy Component and will be submitted to the USAID SMEC Activity Manager and CTO for review/approval.

As part of this effort, the SMEC will develop a taskforce that will develop manuals to assist SMES in producing project finance, accounting and other relevant information to the highest technical standards to better prepare lending requests. The manuals will be used in providing strategic training to institutions that provide technical assistance to SMEs to ensure that not only SMEC beneficiaries can benefit from the actions here proposed to reduce information asymmetries.

### **3.4. Project Management System**

After identifying and analyzing all possible alternatives for an economically and functionally viable system for monitoring and managing the high volume of projects to be assisted by the SMEC, the general functional and technical requirements of the Project Management System were defined. After creating the general functional and technical requirements documents, a request for information from potential providers that could undertake an IS project of this magnitude was developed. The requested for information helped in specifying technical, functional, and budgetary issues. Having defined these specifications in a formal document, a request for proposals was initiated that ended on November 22. As of December 2006, the IS service provider was selected and the contracting process, including the submission of a Request for Source and Origin Restrictions waiver for the purchase of the system, was submitted for USAID analysis and approval.

### **3.5. Remuneration Scheme for Service Providers**

Upon developing the Terms of Reference for the study to define an appropriate remuneration scheme for consultants, a request for information was initiated among four potential sources (universities) that were considered qualified for undertaking this type of assignment. With the data gathered from the request for information, technical specifications were amended to the Terms of Reference, and stipulations regarding the duration of project budget were established. A request for proposals was then launched and the most competitive proposal was selected. The definition of the remuneration scheme will start by January 2007, once the data bases from the GoC and CED Program have been gathered, must be finalized within the second quarter of 2007; and will be submitted prior to enactment to USAID for approval.

### 3.6. Proposal Development and Project Implementation Accomplishments vs. Objectives

#### 3.6.1. 2006 AWP Objectives vs. Projected 2006 Commitments Chart

The 2006 Work Plan and PMP approved by USAID worked with project commitments only, for this reason only 2006 commitments can present an accomplishment percentage vs. 2006 work. Table 23 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 7

Performance Indicators	COMMITMENTS			ACHIEVEMENTS
	WP 2006 OBJECTIVE	PROJECTED 2006 RESULTS	% PR/WP	2006 RESULTS
1. Number of Jobs Created	1,250	4,682	375%	520*
2. Hectares				
2.1 Natural Forest Management				
3. Number of Families Benefited (ACI)	1,250	4,682	375%	520
3.1 Number of Families Benefited (Internal SME)	4,180	14,489	347%	10,327
4. Sales Increase Percentage per Year /SME	20%	26%	130%	-
5. Producer Associations/ Processor Strengthened	-	4		4
6. Proposals Being Processed	83	44	53%	45
7. Projects Signed	39	31	79%	31
8. Number of Alliances Developed	3	13	433%	13
9. Private Sector Firms Formed or Strengthened	104	1,205	1159%	1,205
10. Productive Infrastructure Projects Completed	-	-	-	-
11. Total Project Commitments (US\$000)	1,300	6,108	470%	-
12. MIDAS Average Share of Total Investment (%)	20%	12%		-
13. MIDAS Total Project Support (US\$000)	260	733	282%	3
14. Private Sector Funds Utilized (US\$000)	975	4,882	501%	-
15. Colombian Public Sector Funds Utilized (US\$000)	65	326	501%	-

\*The 520 new jobs achieved in 2006 are taking into account 488 new jobs created in 2006 that were certified during the first two weeks of 2007.

The MIDAS SMEC, according to the 2006 work plan, developed during the year a Fast Track strategy and an operational model aimed to implement, test and refine its procedures, to acquire the knowledge that will constitute the main foundation of its operation, and to select and train both the human capital and the network of strategic allies.

During 2006 the component committed USD 733 thousand in supporting 31 expansion projects and the benefited enterprises pledged the creation of nearly five thousand jobs. In addition, these firms forecasted an average of 26% increase in their sales, exceeding the Component standard of 20%.

Consequently, with the emphasis of the Component in collective and associative oriented projects, the MIDAS SMEC covered more than 1,200 firms and strengthened 13 alliances.

As of Dec. 31<sup>st</sup>, 2006, the MIDAS average share of total investment was 12%, also exceeding the internal goal of 20%. Finally, compared to the 1% goal established for the year 2006, the SMEC committed 2.8 times the resources and 3.7 times the number of jobs.

In relation with the SMEC rural impact, during 2006 close to 20% of the committed resources were awarded to SMEs in the agribusiness sector or with rural related proposals. As more structured synergies will be established with the other MIDAS business development components and with ADAM, this trend can be expected to be increased.

Finally, the SMEC approved, signed and started the implementation of projects in all of the six MIDAS geographic corridors. Consequently, the objective of the Fast Track phase of building experience was not only achieved for the national and regional teams, but also the Component began a process of identifying regional business particularities.

## **4. Year Two Work Plan**

### **4.1. Primary Objectives**

#### **4.1.1. Objectives Summary**

For the SMEC, 2006 was a year for learning and construction, 2007 will be a year of consolidation and full operation, trying to catch up to the expected performance and achievements after 2 years of operation of a 5 year Program. With a complete operational model, the Component will develop 1,067 projects, commit 43,023 jobs, support 2,978 firms and benefit 193,604 families. Consequently, adding up 2006 commitments and the expected 2007 ones, as of 2007 the Component will have committed 38% of its Life of Program goals.

During 2007, the creation of 43,512 jobs will be achieved, bringing the cumulative execution of the Component in terms of its 5 year goals to more than 36%. The experience obtained from the fast track projects approved and signed during 2006, has confirmed the assumption of 2006 work plan that collective projects are the beneficiaries of close to 65% of the Component's resources for Grants & Subcontracts. Consequently, it is expected that about two thirds of the resources continue to be received by this kind of proposals.

As collective and individual projects remain the main type of proposals, it has been identified as relevant to define new categories imbedded into these typologies. Obviously, all the proposals under these categories will be evaluated under common criteria and will be recommended for approval when fulfilling the requirements established by the Program.

The first sub classification is on proposals with social emphasis. This category groups the proposals that, involving private initiatives to create licit sources of income to groups of people subject to the presence of illicit activities, have proportionally higher impact on the social conditions of the beneficiaries than in the strengthening of the business structure. It is clear for the Component that a share of the resources must be oriented to this kind of projects, not only for its relevance for the geographic corridors and its attractive cost efficiency condition, but for its close relation with the final purpose of MIDAS, which is to generate licit alternatives of income in regions with high danger to be under the influence of illicit activities.

Also, even as a demand driven operation was established for the component in order to enable it to manage efficiently its volume of forecasted projects, it has become evident that the fulfillment of the strategic goals of the Component, its important to complement the demand driven approach with strategic technical support projects oriented by the supply side. These projects should be focused on economic sub sectors which may play a major permanent role in creating robust employment growth in MIDAS corridors over the medium-term by building the competitiveness of these high potential sub sectors, thus contributing decisively to the Program' sustainable employment generation goals. Some potential sources of special projects may be the following:

- Public initiatives at the regional and national levels
- Regional high impact initiatives
- Corporate social responsibility initiatives
- Formalization initiatives

- Regional based initiatives with vulnerable groups
- *Apuestas sectoriales y/o regionales* resulted from the Internal Agenda process
- MIDAS Competitiveness assessment for Agribusiness and Forestry subsectors

The Component will evaluate particular proposals derived from these kinds of sources (special projects) as a mechanism of complementing the general demand driven model (sourcing of proposals through project suppliers who are responsible of formulating proposals) through strategic initiatives focused on economic subsectors which can play a major permanent role in creating robust employment growth in MIDAS corridors over the medium-term. Under these projects SMEC will assume a more active role in the structuring of the proposal; i.e. MIDAS participation scheme, funding, technical assistance products, etc.; and will take into active account the findings of the upcoming MIDAS Competitiveness assessment in assessing the viability of these initiatives.

For a proposal to be considered as a special project, MIDAS will consider the following:

1. Proposals under US\$100,000 will be treated as an exemption from the competition requirements and a justification will be prepared based on the Small Grants Award, as stated in ADS 303.3.6.5.
2. Proposals over US\$100,000 will be treated as an exemption from the competition requirements and a justification will be prepared based on the Unsolicited Applications or Exclusive or Predominant Capability, as stated in ADS 303.3.6.5.

It should be noted that the same criteria used for the general demand driven model explained above will be used for evaluation purposes. However, to establish if a specific proposal should be treated as a special project or not, the Component will take into considerations as: the number of jobs to be created, the impact of a plural number of geographic corridors and the high visibility of the proposal for the public sector or its regional significance; all the above following the context of the strategic interest of MIDAS, where presence in rural areas may be one of these interests.

#### 4.1.2. Assumptions

As mentioned before, the full operation of the decentralized scheme will be a key success factor for the SMEC 2007 work plan. The following charts show the distribution of the forecasted approved projects by month between the MIDAS geographical corridors, the correspondent commitments in terms of MIDAS' support and the commitments in terms of jobs to be generated:

**Table 8**

Number of Projects by Corridor	Ene-07	Feb-07	Mar-07	Abr-07	May-07	Jun-07	Jul-07	Ago-07	Sep-07	Oct-07	Nov-07	Dic-07	TOTAL	
<b>TOTAL</b>	<b>16</b>	<b>63</b>	<b>70</b>	<b>98</b>	<b>121</b>	<b>118</b>	<b>122</b>	<b>124</b>	<b>120</b>	<b>95</b>	<b>85</b>	<b>35</b>	<b>1,067</b>	<b>100%</b>
Antioquia/Urabá	2	16	16	27	32	32	37	37	37	32	32	9	309	29%
Southwest	7	20	20	31	27	27	27	27	27	20	20	14	267	25%
Costa / Sierra Nevada	2	5	5	10	23	25	25	25	23	23	16	5	187	18%
Magdalena Medio/ Santanderes	1	6	12	12	15	15	13	12	12	9	6	4	117	11%
Eje Cafetero	3	13	12	12	15	12	12	15	12	5	5	2	118	11%
Macizo Putumayo	1	3	4	4	5	4	4	5	5	4	4	1	44	4%
Special Projects	0	0	1	2	4	3	4	3	4	2	2	0	25	2%

**Table 9**

Midas Support USD by Corridor	Ene-07	Feb-07	Mar-07	Abr-07	May-07	Jun-07	Jul-07	Ago-07	Sep-07	Oct-07	Nov-07	Dic-07	TOTAL	
<b>TOTAL</b>	<b>\$ 207,171</b>	<b>\$ 395,206</b>	<b>\$ 742,778</b>	<b>\$ 731,130</b>	<b>\$ 1,080,575</b>	<b>\$ 868,620</b>	<b>\$ 1,080,991</b>	<b>\$ 901,693</b>	<b>\$ 1,057,487</b>	<b>\$ 714,698</b>	<b>\$ 945,997</b>	<b>\$ 222,563</b>	<b>\$ 8,948,909</b>	<b>100%</b>
Antioquia/Urabá	\$ 33,280	\$ 98,801	\$ 98,801	\$ 176,386	\$ 210,915	\$ 210,915	\$ 241,699	\$ 241,699	\$ 241,699	\$ 210,915	\$ 210,915	\$ 59,073	\$ 2,035,877	23%
Southwest	\$ 101,921	\$ 128,130	\$ 127,714	\$ 209,043	\$ 177,218	\$ 177,218	\$ 177,218	\$ 177,218	\$ 177,218	\$ 127,506	\$ 127,506	\$ 94,017	\$ 1,800,968	20%
Costa / Sierra Nevada	\$ 31,408	\$ 31,408	\$ 31,408	\$ 66,561	\$ 151,010	\$ 174,098	\$ 174,306	\$ 174,306	\$ 151,218	\$ 150,802	\$ 100,673	\$ 31,408	\$ 1,268,508	14%
Magdalena Medio/ Santanderes	\$ 5,616	\$ 35,568	\$ 74,881	\$ 74,881	\$ 102,129	\$ 102,129	\$ 77,793	\$ 74,881	\$ 74,881	\$ 62,817	\$ 35,568	\$ 29,952	\$ 751,708	8%
Eje Cafetero	\$ 32,448	\$ 76,753	\$ 74,049	\$ 74,049	\$ 100,881	\$ 74,049	\$ 74,049	\$ 100,881	\$ 74,049	\$ 32,448	\$ 32,448	\$ 5,616	\$ 751,708	8%
Macizo Putumayo	\$ 2,496	\$ 24,544	\$ 27,248	\$ 27,248	\$ 29,744	\$ 27,248	\$ 27,248	\$ 29,744	\$ 29,744	\$ 27,248	\$ 27,248	\$ 2,496	\$ 281,891	3%
Special Projects	\$ -	\$ -	\$ 308,676	\$ 102,961	\$ 308,676	\$ 102,961	\$ 308,676	\$ 102,961	\$ 308,676	\$ 102,961	\$ 411,638	\$ -	\$ 2,058,249	23%

**Table 10**

Jobs committed by Corridor	Ene-07	Feb-07	Mar-07	Abr-07	May-07	Jun-07	Jul-07	Ago-07	Sep-07	Oct-07	Nov-07	Dic-07	TOTAL	
<b>TOTAL</b>	<b>996</b>	<b>1,900</b>	<b>3,571</b>	<b>3,515</b>	<b>5,195</b>	<b>4,176</b>	<b>5,197</b>	<b>4,335</b>	<b>5,084</b>	<b>3,436</b>	<b>4,548</b>	<b>1,070</b>	<b>43,023</b>	<b>100%</b>
Antioquia/Urabá	160	475	475	848	1,014	1,014	1,162	1,162	1,162	1,014	1,014	284	9,784	23%
Southwest	490	616	614	1,005	852	852	852	852	852	613	613	452	8,663	20%
Costa / Sierra Nevada	151	151	151	320	726	837	838	838	727	725	484	151	6,099	14%
Magdalena Medio/ Santanderes	27	171	360	360	491	491	374	360	360	302	171	144	3,611	8%
Eje Cafetero	156	369	356	356	485	356	356	485	356	156	156	27	3,614	8%
Macizo Putumayo	12	118	131	131	143	131	131	143	143	131	131	12	1,357	3%
Special Projects	0	0	1,484	495	1,484	495	1,484	495	1,484	495	1,979	0	9,895	23%

On the other hand, special projects will play a fundamental role in the achievement of 2007 goals, accounting for more than 23% of the resources committed, and the socially oriented initiatives will account for 4% of the committed resources.

**Table 11**

Number of Projects by Type	Ene-07	Feb-07	Mar-07	Abr-07	May-07	Jun-07	Jul-07	Ago-07	Sep-07	Oct-07	Nov-07	Dic-07	TOTAL	
<b>TOTAL</b>	<b>16</b>	<b>63</b>	<b>70</b>	<b>98</b>	<b>121</b>	<b>118</b>	<b>122</b>	<b>124</b>	<b>120</b>	<b>95</b>	<b>85</b>	<b>35</b>	<b>1,067</b>	<b>100%</b>
Individual	14	48	52	72	89	87	90	92	89	71	63	27	794	74%
Collective	2	12	13	18	22	22	22	23	21	18	16	7	196	18%
Socially Oriented Initiatives	0	3	4	6	6	6	6	6	6	4	4	1	52	5%
Special Projects	0	0	1	2	4	3	4	3	4	2	2	0	25	2%

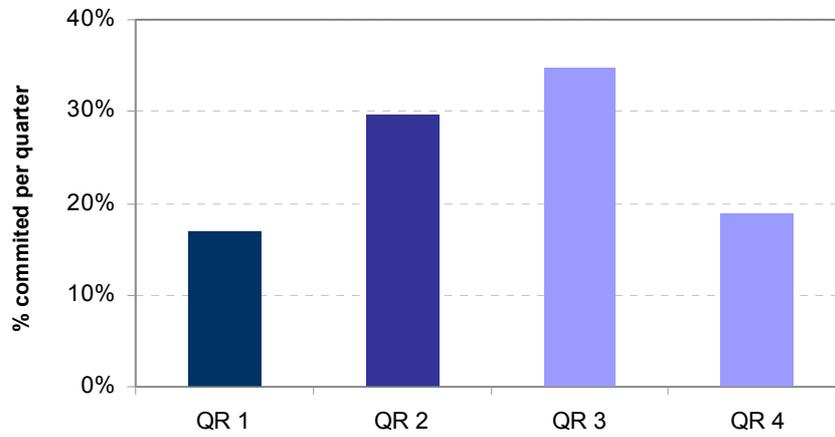
**Table 12**

Midas Support USD by Type	Ene-07	Feb-07	Mar-07	Abr-07	May-07	Jun-07	Jul-07	Ago-07	Sep-07	Oct-07	Nov-07	Dic-07	TOTAL	
<b>TOTAL</b>	<b>207,414</b>	<b>394,953</b>	<b>742,830</b>	<b>731,164</b>	<b>1,080,517</b>	<b>868,670</b>	<b>1,080,996</b>	<b>901,766</b>	<b>1,057,352</b>	<b>714,694</b>	<b>945,962</b>	<b>222,593</b>	<b>8,948,909</b>	<b>100%</b>
Individual	\$ 77,620	\$ 129,284	\$ 142,096	\$ 205,652	\$ 252,634	\$ 250,663	\$ 252,791	\$ 261,497	\$ 245,052	\$ 200,261	\$ 174,902	\$ 72,864	\$ 2,265,315	25%
Collective	\$ 123,533	\$ 245,857	\$ 270,221	\$ 391,085	\$ 480,431	\$ 476,682	\$ 480,729	\$ 497,284	\$ 466,011	\$ 380,832	\$ 332,608	\$ 138,563	\$ 4,283,835	48%
Socially Oriented Initiatives	\$ 6,261	\$ 19,812	\$ 21,775	\$ 31,515	\$ 38,715	\$ 38,412	\$ 38,739	\$ 40,073	\$ 37,553	\$ 30,689	\$ 26,803	\$ 11,166	\$ 341,510	4%
Special Projects	\$ -	\$ -	\$ 308,737	\$ 102,912	\$ 308,737	\$ 102,912	\$ 308,737	\$ 102,912	\$ 308,737	\$ 102,912	\$ 411,650	\$ -	\$ 2,058,249	23%

**Table 13**

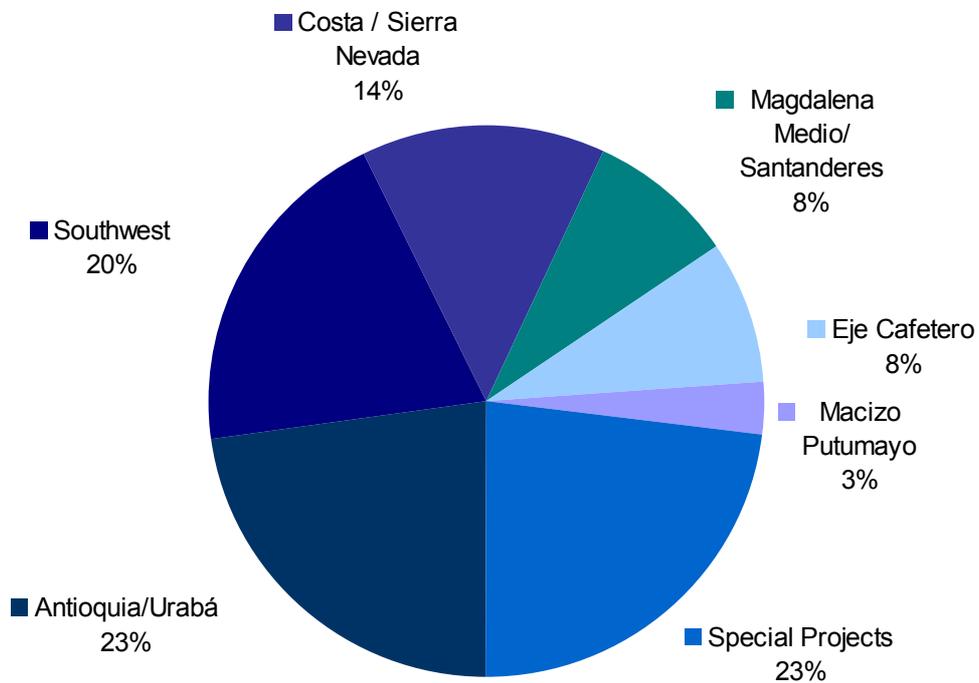
TOTAL	997	1,899	3,571	3,515	5,195	4,176	5,197	4,335	5,083	3,436	4,548	1,071	43,023	100%
Individual	373	622	683	989	1,215	1,205	1,215	1,257	1,178	963	841	350	10,891	25%
Collective	593	1,182	1,299	1,880	2,310	2,292	2,311	2,391	2,240	1,831	1,599	666	20,594	48%
Socially Oriented Initiatives	30	95	105	152	186	185	186	193	181	148	129	54	1,642	4%
Special Projects	0	0	1,484	495	1,484	495	1,484	495	1,484	495	1,979	0	9,895	23%

**Graph 2**



The component plans to have a clear seasonality in the second and third quarter, concentrating more than 65% of the year's activity in this semester.

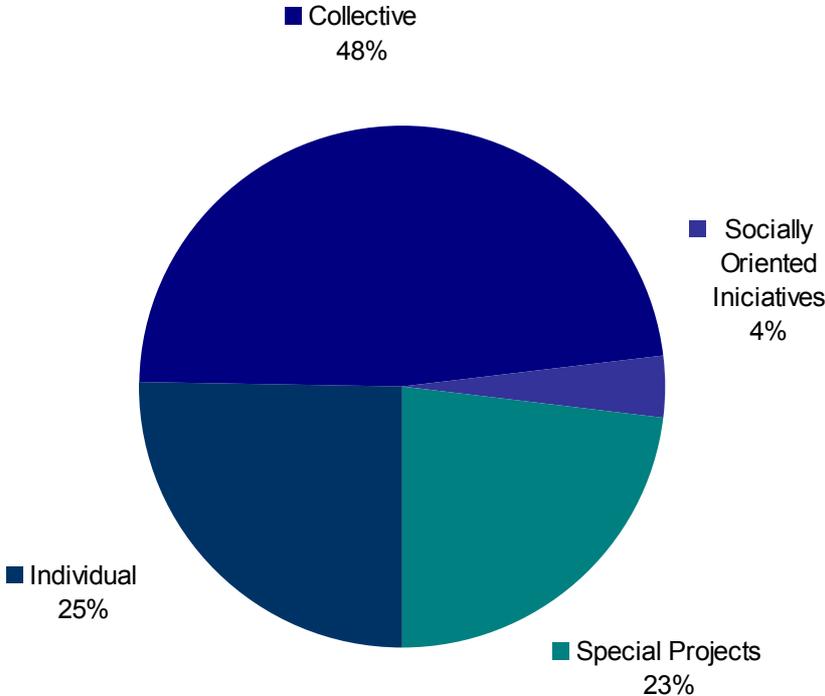
**Graph 3**



In terms of commitments of resources and investment, the Antioquia/Urabá corridor must account for 23% of the 2007 goals, the Southwest corridor for 20% and the Costa Atlántica / Sierra Nevada corridor for 14%. These figures imply that even though the Medellín office has had a very slow start-up, next year it must recover its pace and expected leadership among corridors.

In relation with special projects, as mentioned before they are expected to represent 23% of the 2007 resources and objectives and may be worked at the national or the regional level with the help of the Financing and Special Projects Coordinator, the Regional Directors and the Regional Business Development Coordinators.

**Graph 4**



As a very important part of the special projects and the social oriented initiatives are expected to be collective or *asociativo* projects, the forecasted commitment of resources to collective proposals is expected to be near 65% of total commitments in 2007.

Finally, to gauge with some accuracy the expected implications regarding the implied relationship between increasing sales and increasing employment, Table 14 presents the characteristics of the standard type of project the SMEC will undertake during 2007.

**Table 14**

Type of project	No. projects	Average project size	% Jobs increase	New jobs	Sales increase	Productivity	Total jobs	MIDAS' support
Individual	794	66	20%	13	20%	1	10,449	\$ 2,265,315
Collective	196	507	20%	101	20%	1	19,857	\$ 4,283,835
Socially Oriented Initiatives	52	154	20%	31	20%	1	1,599	\$ 341,510
Special Projects	25	2,224	20%	445	20%	1	11,118	\$ 2,058,249
<b>Totals or averages</b>	<b>1,067</b>	<b>202</b>	<b>20%</b>	<b>40</b>	<b>20%</b>	<b>100%</b>	<b>43,023</b>	<b>\$ 8,948,909</b>

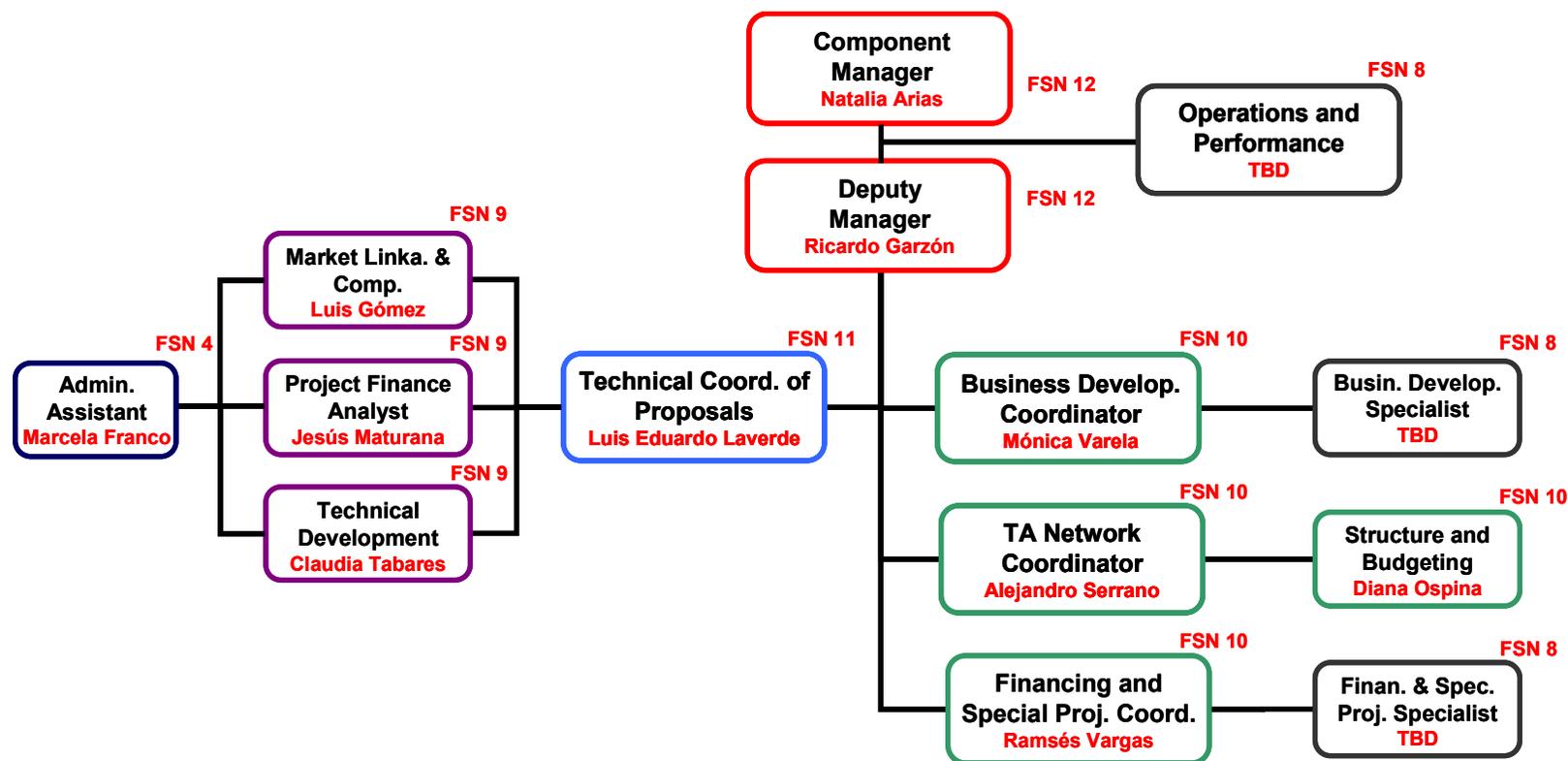
It's important to note that even though during 2006 some approved projects had an apparent negative relationship in productivity (job increase > sales increase) mainly due to very conservative figures presented by proponents; during 2007 the Component will strengthen the project suppliers' training in terms of project formulation and financial consistency analysis, so the Component maximizes the consistency of proposal received.

#### 4.2. SMEC organizational structure and staffing plan

As mentioned before, the SMEC will have its decentralized scheme fully operational during 2007, one of its key success factors. This implies that the Bogotá Office functions and main responsibilities will change from being mainly operative (Bogotá was in-charge of the whole BDP process), to mostly dedicate to policy and process design, regional operation monitoring and supervision and information consolidation and analysis for decision making.

The changes in the Bogotá Office responsibilities and functions, including the high workload the team will have to support, have resulted in some changes in the Bogotá organizational structure which are described in Diagram 2.

Diagram 2



As presented above, in the new organizational structure, each area of the Business Development Process, including the Special Projects one, is supported by a specialist, which will be responsible for the operational activities each area will have, i.e. project supplier's network, evaluation processes, project implementation and special projects formulation. Based upon these changes, the Coordinators will have the opportunity to concentrate mainly in defining and refining the strategy for each area and ensuring its implementation along each regional office. The changes described above can be summarized as follows:

1. Changing the Deputy Component Manager FSN from 11 to 12. This change is due mainly to its new responsibilities of direct supervision of the Regional offices.
2. Changing the Operations and Performance specialist FSN from 7 to 8. This change is due to the new responsibilities related to invoice tracking and supervision of the technical authorizations that the SMEC manager must sign for each invoice received.
3. A new Business Development Specialist position with an FSN 8 which will be responsible to support the Business Development area and its operational work burden.
4. A new Business Development Specialist position with an FSN 8, which will be responsible to support the Business Development area and its operational work burden.
5. A new Financing and Special Projects Specialist position with an FSN 8, which will be responsible to support the Financing and Special Projects area and its operational work load.

This new organizational structure corresponds to an extra direct cost of US\$55.000 per year, which represents a 3% increase.

In terms of staffing, the Component expects to finish the staffing process of the 32 people pending before the end of February 2007. The staffing schedule for the pending positions is presented in Table 15.

**Table 15**

CORRIDOR	POSITION	END OF STAFFING PROCESS		TOTAL
		Ene-07	Feb-07	
BOG	Operations and Performance Specialist		1	1
	Business Development Specialist	1		1
	Financing and Special Projects Specialist		1	1
<b>Total BOG</b>		<b>1</b>	<b>2</b>	<b>3</b>
MED.	Regional Director		1	1
	Regional Technical Coordinator		1	1
	Regional BDC		1	1
	MIDAS Consultant MED 2	1		1
	MIDAS Consultant MED 3	1		1
	MIDAS Consultant MED 4		1	1
	MIDAS Consultant MED 5		1	1
	SME Admin. Assis.	1		1
	SME Admin. Assis.		1	1
<b>Total MED.</b>		<b>3</b>	<b>6</b>	<b>9</b>

CORRIDOR	POSITION	END OF STAFFING PROCESS		TOTAL
		Ene-07	Feb-07	
CALI	Regional Technical Coordinator		1	1
	MIDAS Consultant 3	1		1
	MIDAS Consultant 4		1	1
	MIDAS Consultant 5		1	1
	SME Admin. Assis.	1		1
	SME Admin. Assis.		1	1
<b>Total CALI</b>		<b>2</b>	<b>4</b>	<b>6</b>
BQUILLA	Regional Director	1		1
	MIDAS Consultant BQUILLA 2	1		1
	MIDAS Consultant BQUILLA 3	1		1
	SME Admin. Assis.	1		1
	SME Admin. Assis.		1	1
	<b>Total BQUILLA</b>		<b>4</b>	<b>1</b>
BMANGA	MIDAS Consultant BMANGA 2	1		1
	MIDAS Consultant BMANGA 3		1	1
	SME Admin. Assis.	1		1
	SME Admin. Assis.		1	1
<b>Total BMANGA</b>		<b>2</b>	<b>2</b>	<b>5</b>
PER.	MIDAS Consultant PEREIRA 2		1	1
	SME Admin. Assis.	1		1
<b>Total PER.</b>		<b>1</b>	<b>1</b>	<b>2</b>
NEIVA	MIDAS Consultant NEIVA 1	1		1
	MIDAS Consultant NEIVA 2		1	1
	SME Admin. Assis.	1		1
<b>Total NEIVA</b>		<b>2</b>	<b>1</b>	<b>3</b>
<b>TOTAL</b>		<b>15</b>	<b>17</b>	<b>32</b>

#### 4.2.1. Medellín Office start up action plan

Continuing 2006 efforts and with the aim of having the Medellín Office absolutely staffed and functional by end-February 2007, the SMEC envisions the following activities or action plan for 2007 first calendar quarter:

##### 1. Staffing process:

The staffing process for the MIDAS Consultant MED1 finished during 2006. This person will be responsible for supervising the projects already approved and those to be approved and starting implementation in 2007 first quarter. In terms of the general staffing, all the office personnel must be hired and trained before the end of March 2007, so by April the Medellín Office must be operating on a normal basis as any other regional office and ready to produce the expected results for 2007.

## 2. Team work with Eje Cafetero Regional Office:

On January 2007, the Eje Cafetero Regional Business Development Coordinator, Jorge Gomez, will move to the Medellin Office to carry on the activities related to Program and Component promotion activities, consolidating the Project Suppliers Network conformed in the region, identifying potential projects and supporting the PP training, started in 2006. Jorge Gómez will stay in Medellin for at least three months (January-March) on a full time, basis and will report directly to the SMEC Deputy Manager who will be responsible for the operation of the Regional Offices.

## 3. Periodical Supervision

The SMEC Deputy will travel to Medellin every week for a 2-3 days period at least for the first two months to support the BDC and the MIDAS Consultant and will continue and finalize the selection and training of candidates for the Medellin Office team.

### 4.3. Key Activities Matrix

For the Component to accomplish its mission of providing training and technical assistance to productive initiatives on expansion phases, increasing sales and creating more jobs in the corridors, the SMEC will focus its 2007 activities in three main objectives:

- Consolidating the Projects Suppliers' Network
- Consolidating the Technical Assistance Service Providers' Network
- Improving access to SME financing

#### 4.3.1. Consolidating the Projects Suppliers' Network

The SMEC will focus on developing and strengthening the Projects Suppliers' network, critical to the SMEC operational scheme. After concluding the selection process and the evaluation of each business plan presented, the regional offices will be responsible for defining a strategy for managing each Projects Supplier. Regional offices will also renegotiate and adjust the business plan goals in order to guarantee the fulfillment of the regional job creation commitments. Additionally, regional offices will be responsible for identifying and engaging Projects Suppliers in those departments that were not represented in the public request for quotations.

In order to launch the network, six regional events headed by each regional office will be realized during 2007 first quarter.

After formalizing relations with each projects supplier, the next step will be to train them on the MIDAS philosophy, procedures, methodology for projects' formulation and on issues related to employment certification, monitoring and evaluation. The training will be held during January and February. Currently, the SMEC is defining the more appropriate training methodology and analyzing whether it is more convenient to perform this activity through a third party.

Regarding promotional events and activities, the SMEC will provide projects suppliers with clear and specific guidelines on how to use the MIDAS corporate image, and will be responsible of

developing additional promotional materials. Business Development Coordinators (BDC) will participate and supervise all the promotional events held by Projects Suppliers, in order to ensure consistency and that the correct messages are transmitted.

The Regional Directors, along with the BDCs, will be in charge of strategically positioning MIDAS within the main departmental and municipal authorities. Regional offices will identify the appropriate officials and will prepare action plans and agendas.

Finally, another key activity will be assessing the performance of each projects supplier, which will help detect strengths and weaknesses and develop rectifications or modifications, as needed, as well as eventually increasing the fee paid per approved and formalized project.

Table 16

Implementation Strategy	Activity	Sub-tasks	Quarter 07			
			1	2	3	4
<b>Objective 1: Consolidating the Projects Suppliers' Network</b>						
<b>Consolidate the Projects Suppliers' Network, in order to build a system that allows quality, punctuality and fulfillment of goals in an efficient manner, in-line with USAID Colombia's strategy for strengthening institutions and promoting "colombianization".</b>	<b>Launching of the Projects Suppliers Network.</b>	Organize regional events for signing BPAs.				
	<b>Publish information regarding Projects Suppliers.</b>	Publish the profiles of each projects supplier in the MIDAS web site.				
		Provide periodic information regarding the performance of each projects supplier.				
	<b>Training of Projects Suppliers</b>	Carry out regional training events for the Projects Suppliers and their technical assistance services providers.				
	<b>Design and implementation of the action plans of the Projects Suppliers</b>	Adjust Projects Suppliers' action plans.				
		Define continuance plan				
		Implement joint promotion plan (Projects Suppliers + MIDAS)				
	<b>Promotional activities</b>	Develop Business fairs between SME, Project Providers, TAP and Banks.				
	<b>Performance assessment</b>	Design methodology for assessing the performance of the Projects Suppliers.				
		Put into practice bimonthly follow-up of action plans.				
		Renegotiate commissions according to assessments.				
	<b>Acknowledgment of Projects' Suppliers</b>	Instate regional events such as "Midas vamos bien".				
Provide awards to the best national and regional project providers						

#### **4.3.2. Consolidating the Technical Assistance Service Providers' Network**

MIDAS transfers knowledge through external consultants who provide technical assistance aimed at optimizing businesses in order for them to achieve an increase in sales or a reduction in costs that will consequently demand the creation of new jobs.

Although all businesses could use technical assistance or consulting services at some time or another, regardless of size and sophistication levels, for many reasons the benefits of utilizing this type of service is not universally recognized among businesses. In fact, consulting services are frequently viewed with suspicion in Colombia in relation to their value added. For many that have not used this type of service before, the decision to use technical assistance is not easy, and raises several issues that must be resolved.

The MIDAS 2007 work plan aims to confront these issues by disclosing information about qualified technical assistance providers (TAP) that exist in the different regions. This will be made possible by creating access through the Internet to an updated consultant database with relevant information available to businesses and by distributing an annual consultant directory.

With the goal of ensuring the benefits of a suitable consulting service, the SMEC will improve the capabilities of technical assistance service providers through workshops, certification programs, and formal training curriculum with Universities and recognized consulting firms. Simultaneously, the SMEC will raise awareness about the importance of using technical assistance for achieving superior performance

In order to have a reference of how much time is required in days, weeks or months, and how much a consulting service would cost, the Component will define and submit to USAID for approval by second quarter 2007 a results oriented remuneration scheme that will standardize the duration and value of consulting services according to the characteristics of each type of technical assistance. This remuneration scheme, along with public recognition for the best technical assistance providers through the publication of success stories and the delivery of a regional and national prize, will be the incentives that encourage them to provide a superior technical assistance.

Additionally, the SMEC will be very effective in supporting the businesses by closely supervising the progress of the technical assistance and the successful transfer of knowledge, so that external assistance will help achieve superior performance and build capacity inside the business.

Finally, in line with the GoC suggestions and agreed activities, the SMEC plans to develop and implement an impact evaluation methodology and process to identify and quantify those benefits generated by the SMEC intervention that go beyond for job generation, i.e. increase in competitiveness, market share, productivity, exports orientation, etc.

Table 17

Implementation Strategy	Activity	Sub-tasks	Quarter FY07			
			1	2	3	4
<b>Objective 2: Consolidating the Technical Assistance Service Providers' Network</b>						
<b>Consolidate network and enhance capabilities of Technical Assistance Service Providers in order to ensure that the service provided fulfills the expectations of all shareholders regarding impact on sales and job creation in an effective manner.</b>	<b>Optimize SMEC Operative Model in the Implementation Phase (Support, Supervision and Evaluation)</b>	Define and automate Procedures for Support and Supervision during the Implementation Phase that includes: criteria for the sounding alarms, regularity of visits, protocols of intervention, and standardization of times.				
		Define and automate Evaluation Procedure of TAP from MIDAS and SME, and of MIDAS from SME and TAP				
		Define and implement results oriented remuneration scheme				
		Develop Impact Evaluation to identify and to quantify the benefits that are generated from SMEC intervention				
	<b>Disclose Information about Technical Assistance Providers (TAP)</b>	Construct and maintain updated TAP Data Base for Project Providers and SME access through Internet with information on their profile (education, experience and capabilities) and their performance in our projects.				
		Create and distribute annual publication "TAP Directory".				
	<b>Contribute to the development of the offer and demand of TA Service Providers</b>	Create Formal Training Programs with Universities / recognized Consulting Firms in HOW TO BE A SUCCESSFUL CONSULTANT for TAP, focusing primarily on the less developed regions.				
		Promote the creation and use of Capabilities Certification Programs awarded by accredited organizations				
		Develop campaign for creating camaraderie among TAPs and evolution towards consultancy firms				
		Develop awareness Campaign about "Importance of TA"				
		Develop Business meetings between SME, Project Providers, TAP and Banks.				

Implementation Strategy	Activity	Sub-tasks	Quarter FY07			
			1	2	3	4
<b>Objective 2: Consolidating the Technical Assistance Service Providers' Network</b>						
	<b>Recognize the most outstanding PSC</b>	Public recognition for best TAP through the delivery of a Regional Prize and a National Prize within the framework of the Regional Events "MIDAS vamos bien"				
		Publish Successes Stories (from the perspective of the SME and the TAP) and Concepts/Tools for Productivity/Competitiveness written by the TAP				
	<b>Equip the Technical Assistance Service Providers with Tools that facilitate collaborative work</b>	Provide and promote the use of ICT networking tools (Electronic Forums, CHATS) between TAP for on-line discussion of issues such as, practices (good and bad).				
		Publish in Internet ( <a href="http://www.midas.org.co/pyme">www.midas.org.co/pyme</a> ) useful knowledge for TAP.				
		Develop workshops for exchanging experiences between TAP				

### **4.3.3. Improving access to SME financing**

Ensuring sustainable leverage for the SME clients is key in order to achieve the Program goals. Since the Program will support a maximum of 50% of the actual value of the technical assistance, MIDAS will facilitate beneficiaries in obtaining the other 50%, plus the funding required to undertake the expansion plan, necessary conditions for the expected sales increase and number of jobs to be created. As a consequence, during 2006 the SMEC structured a set of tools to support its beneficiaries to access credit from the demand and the supply side.

Having put in place the strategy and the mentioned tools, 2007 will be a year to develop and implement those tools, jointly with the Policy Component and consistently with the pilots already underway.

On the supply side, the SMEC has reached an agreement to work together with Financiera Compartir and in 2007 will be promoting additional agreements with Banco de Colombia, Banco BBVA, Banco de Occidente, and Banco de Bogotá. The agreements will identify lending information requirements and paper work which will be reviewed with the financial teams working under the MIDAS Policy Component inside these financial institutions. The MIDAS Policy Component teams will use information on paperwork and costly lending requirements and procedures to streamline procedures, reduce transaction costs, and introduce more efficient risk-based SME lending policies inside the banks.

As part of this effort, the SMEC will develop a taskforce that will develop manuals to assist SMEs in producing project finance, accounting and other relevant information to the highest technical standards to better prepare lending requests. The manuals will be used in providing strategic training to institutions that provide technical assistance to SMEs to ensure that not only SMEC beneficiaries can benefit from the actions here proposed to reduce information asymmetries.

The sound development of the instruments the SMEC is providing to its potential beneficiaries demands permanent follow up, and providing the financial allies with feedback on the perception of the SMEC clients about the readiness of their products. This task of continuous follow up of the agreements development will allow the SMEC to redefine the strategy when needed.

On the other hand, and considering the number of financial institutions to be working with us, the SMEC plans to conduct business fairs in which its network of PSs and their clients will have the chance to directly interact with representatives of the financial allies in the same place.

Finally, the SMEC expects by mid 2007 to have the results of the joint SMEC-Policy Component activities related to the financial management model aimed at matching supply and demand and improving the way firms present their credit requests before the banks so that the model can be replicated throughout the MIDAS corridors.

Table 18

Implementation Strategy	Activity	Sub-tasks	Quarter 07			
			1	2	3	4
<b>Objective 3: Improving access to financing</b>						
<b>Specify the national model of access to financing according to the regional particularities in terms of flexibility and functionality to achieve the Program goals</b>	<b>Consolidation of the network of strategic allies from the financial sector</b>	Joint promotion strategy				
		Training of PPs on the products defined by the financial institutions				
		Implementation of regional action plans in regional offices.				
		Implementation of joint action plans with the financial institutions that will promote MIDAS				
		Build up and consolidate relationships with regional financial allies				
	<b>Start up of the financial management model</b>	Design of financial management methodology				
		Inventory of financial products available to SMEs				
		Definition of alliances between PPs and financial institutions working with MIDAS in close coordination with the policy component.				
		Start up of pilot project				
	<b>Periodic SME credit allocations report</b>	Implementation of plan for exchanging information				
		Regular meetings with regional financial allies				
	<b>Promotional activities</b>	Develop Business fairs between SME, Project Providers, TAP and Banks.				
	<b>Performance evaluation</b>	Design of a methodology for performance evaluation				
		Implement Bimonthly follow up of the action plans				
		Implementation of adjustments when needed				

#### **4.4. Optimizing Implementation**

The SMEC infrastructure for 2007 must be prepared to support a workload that equals 35 times that of 2006 in terms of project goals. In order for this to happen, a number of critical success factors have been identified for optimizing the implementation of the 2007 SMEC work plan. These can be summarized as follows:

##### **4.4.1. Project Providers Network**

The high volume of projects to be implemented in order to achieve the 2007 goals (1,067 projects, and 43,512 jobs) requires a network of Project Providers in operation. By the beginning of 2007, the SMEC will have approximately seventy five (75) Project Providers operating, ten (10) times the number of Project Providers that were operating during 2006.

##### **4.4.2. Evaluation methodology**

An appropriate, standardized, time-effective evaluation methodology including financial consistency analysis will be developed and carried out prior to project approval for every proposal to be evaluated including those at the regional level. This evaluation methodology must assess the sustainability of the company, the relevance of its technical assistance proposal and its expected results i.e. employment generation and sales increase numbers,

##### **4.4.3. Corridor Offices**

The SMEC's decentralized organizational structure will be in place by 2007. The six (6) regional offices will be operating with a total of fifty (50) members on board all fully trained by the Bogotá Office before 2007 first quarter. In 2006, there were only seven (7) people supporting SMEC regional activities, but by 2007, there will be six (6) times the personnel to carry out the different activities necessary to accomplish the SMEC goals.

##### **4.4.4. Review Committees**

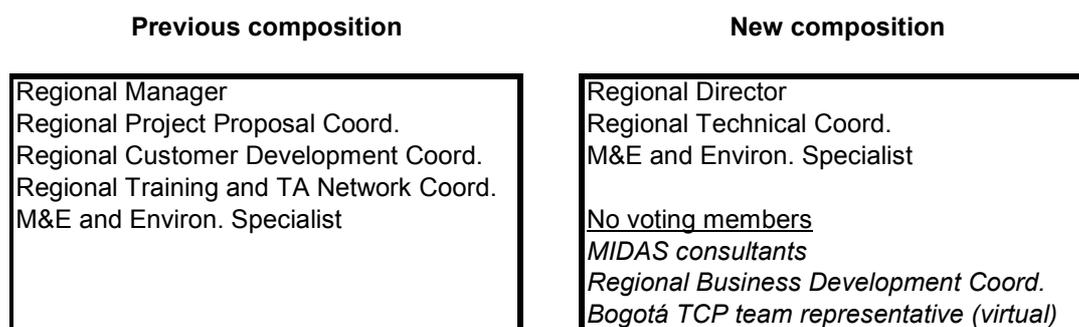
Supported by its structure at the regional level, the SMEC will approve 740 projects in Regional Review Committees. This means that there will be 144 Review Committees held in the regional offices, two Review Committees per corridor, per month, with approximately 5 projects to approve per Review Committee. At the national level, 327 projects will be approved, and 24 Review Committees will be held at an average of two per month, with approximately 13 projects per Review Committee.

###### **4.4.4.1. Regional Review Committees**

According to the MIDAS' Grants Management Manual approved by USAID, SMEC's proposals under US\$12,000 of MIDAS' support can be evaluated at the regional offices. The SMEC will put a formal process in place in January 2007 to ensure periodic central office review of field office approval procedures/actions.

As the SMEC organizational structure has changed since the first MIDAS' Grants Management Manual was approved, the Regional Review Committee composition will be the following:

**Diagram 3**



Once the project is approved, it will be sent to the central office in order to be review and approved by the SMEC manager and then be delivered to the Contracts and Grants (C&G) Office to develop the agreement. The C&G Office will verify the following before the grant is awarded:

- selection process
- applicant is a legal entity
- applicant has the responsibility and management competence in carrying out the planned activity
- will ensure that the final costs are fair and reasonable
- monitoring plan
- all requirements of the 22 CFR are fulfilled

When the above have been performed, the C&G Office will develop the FOG ensuring that the award contains all the appropriate terms and conditions necessary for proper administration and implementation of the Program, including all reporting requirements.

Additionally, the SMEC Manager will ensure USAID is informed about the projects approved at the regional level and will promote participation of the Bogotá staff and the Activity Manager in the Regional Review Committees when possible.

**4.4.5. Project Implementation**

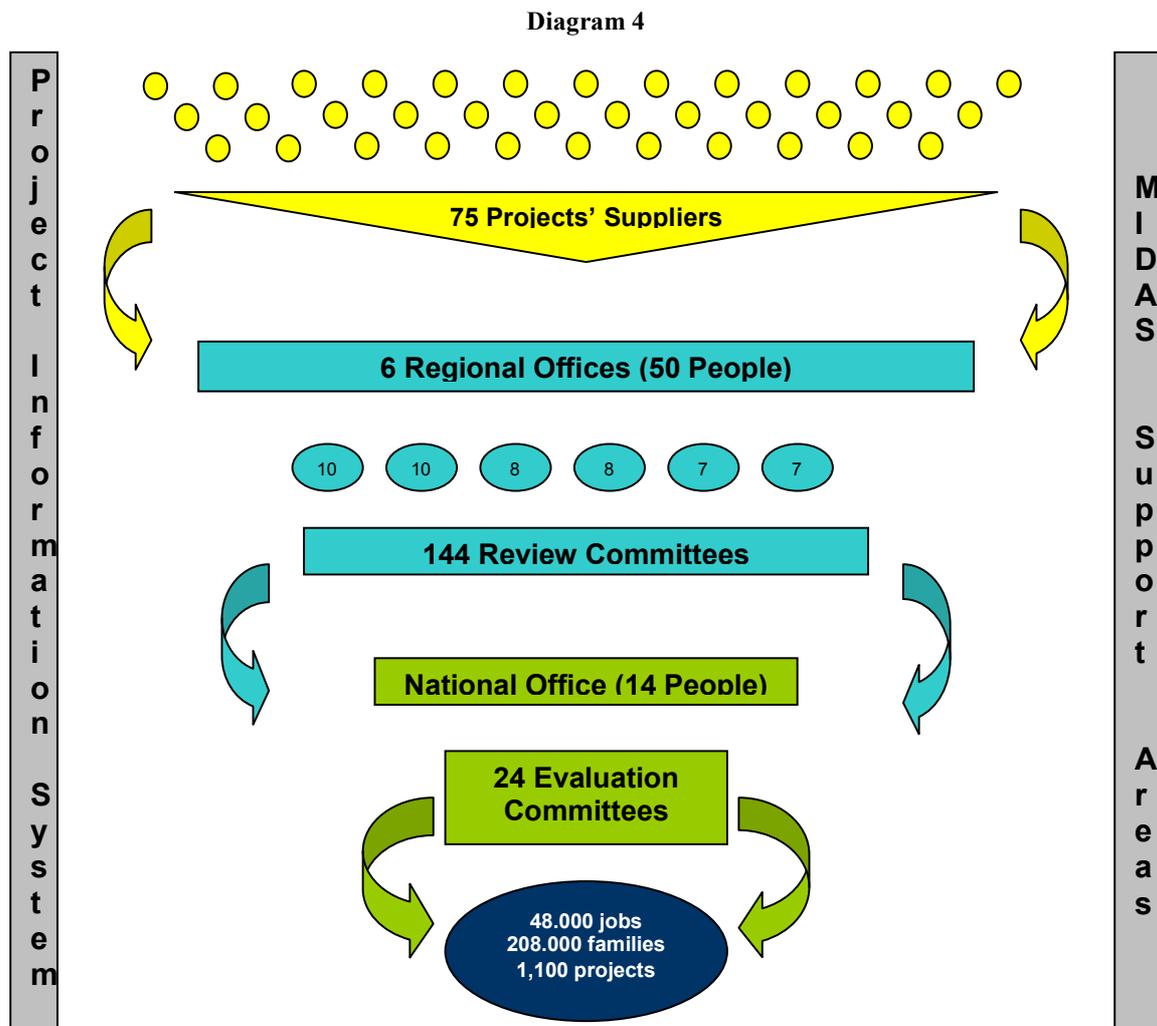
Project implementation will take place at the regional level. The MIDAS Consultants will be responsible for monitoring a number of projects. They will be responsible for verification and assessment of TA products, job creation and sales increase among others. These consultants (20 in all) will be supported by the administrative assistants (total of 12 for all corridors) and guided technically by the Technical Coordinator (total of 6 for all corridors).

#### 4.4.6. Project Management System

To ensure efficient teamwork and operate more seamlessly within the SMEC organization and with external parties, the SMEC workplace will be virtually and real-time integrated. A robust collaboration tool, the Project Management System (PMS), with easy-to-use web-based capabilities will be implemented. MIDAS will integrate these tools with existing systems to achieve the full benefit of information sharing and data analysis. Live Review Committees will be held allowing voting members and attendees to interact during other on-line meetings.

The PMS takes a holistic view of the Program’s overall IT strategy and will match the underlying SMEC objectives. The implementation of a PMS based on the defined processes flowchart (See Appendix No. 1) and a set of Balance Score Card methodology indicators will help assess which projects are on track and which are off course.

Diagram 4 describes the critical factors for optimizing the SMEC Business Development Process.



#### 4.4.7. Proposal Development and Project Implementation Projections

##### 4.4.7.1. Streamlined proposal development chart

Table 19

ACTIVITY	Y1	YEAR 2 / 2007												TOTAL
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Proposals Received		20	75	82	106	133	129	122	123	120	84	74	55	1,124
Cumulative	45	65	140	222	328	461	590	712	835	955	1,039	1,113	1,168	1,168
Proposals Approved		11	63	70	98	121	118	122	124	120	95	85	40	1,067
Cumulative	40	51	114	184	282	403	521	643	767	887	982	1,067	1,107	1,107
Projects Signed		20	63	70	98	121	118	122	124	120	95	85	31	1,067
Cumulative	31	51	114	184	282	403	521	643	767	887	982	1,067	1,098	1,098
Projects Closed*		-	-	1	3	6	7	9	14	16	63	70	98	287
Cumulative	0	-	-	1	4	10	17	26	40	56	119	189	287	287

\*All the SMEC fixed obligation grants are signed for a 2 year period. The Projects closed figure is understood as those projects with the technical assistance intervention finished, even though the grant might be effective.

As shown in Table 19, for 2007, the MIDAS SMEC will approve and sign 1,067 projects. It must be noted that an average 2007 month, will be higher both in the number of projects approved and in resources committed and disbursed than what was accomplished during the whole 2006. In order to achieve these ambitious goals, the component will have in place its decentralized model with fully operating regional offices as soon as February 2007, and the program will deploy its support procedures to join this growth.

From the accumulated 1,098 projects that will be signed at the end of 2007, 287 will have finished the implementation of MIDAS' technical assistance. However, they will not all be "closed" in terms of Grants & Contracts as grants are in force for a 2 year period starting from their signing date.

#### **4.5. Coordination and Cooperation Plans**

For the SMEC, it is crucial to maintain fluid interactions with the other MIDAS Components as well as other AD Programs. MIDAS' impact should go beyond the effort of each of its components; therefore, it is critical to promote synergies among the different components in order to maximize the results as a whole. As part of the 2007 work plan implementation, during 2007 first quarter the Component will present to USAID a concrete action plan for each of the areas of coordination and cooperation presented in the next paragraphs.

##### **4.5.1. Between Bogota and Corridor Offices**

By 2007, the SMEC will have completed the staffing of all its regional offices. These offices will be providing the MIDAS Bogotá Office with all the required support and feedback to ensure successful operations.

Under a decentralized framework, the regional offices will lead the development of the Program in terms of handling the relationships with the PSs, carrying out the Review Committees at the regional level, doing the paperwork related to the formalization of grants, overseeing the implementation of the technical assistances, and closing projects as needed.

The fact that the SMEC will rely heavily upon the information system as an instrument for project management, will enable MIDAS' headquarters to always have updated knowledge and control of the development of the activities in the corridors.

##### **4.5.2. Within MIDAS Components**

As previously mentioned, generating synergies with the other components is a key element for effectively implementing MIDAS Program. Consequently, the SMEC will undertake different kinds of interactions with each Component as follows:

###### **4.5.2.1. With the Agribusiness and Commercial Forestry Components**

With both components, the SMEC will develop mechanisms for channeling technical assistance needs to the SMEC. The fact that both of these components focus on business initiatives will likely result in complementary interventions between the type of projects supported by the SMEC and those supported by the other components. In effect, there is a significant opportunity in defining a scheme that allows the Components to define which projects may be supported jointly and which should be supported exclusively by one of the components.

In the case of the ABC, variables such as the number of hectares to be covered by the project, or the type of crop, may provide a disincentive for the ABC Component to intervene in some projects that actually may be supported by the SMEC. A model for those projects that require technical assistance but may not be supported by the ABC due to the scope of the project may be developed by the SMEC.

In the case of the CFC, the Component needs to assist 5 Small Community Forestry Enterprises and improve the management capacity of several Plantations Farmers Cooperatives. The SMEC may

support these needs by providing technical assistance to enhance their business capability and managerial skills.

Undertaking this approach requires a minimum level of organization in terms of procedures in order to collectively develop joint formats for formulating TA needs that can be supported by the SMEC.

#### **4.5.2.2. With the Policy Component**

Many of the initiatives being developed by the Policy Component have the potential to impact the SMEC from two different perspectives: At the macro level, as they will enhance the overall business environment; and at the micro level, by allowing the SMEC to join efforts with them in order to provide technical assistance to prospective beneficiaries of their pilot programs, which at the end of day may end up generating new sources of sustainable employment.

With that said, the SMEC will focus its joint-action with the Policy Component in five areas:

- Supporting TA efforts and pilot projects dealing with micro and SME lending technologies
- Supporting the implementation of initiatives that spur non-banking correspondents
- Developing second phases for Technical Norms and Sanitary and Phytosanitary pilot projects and spreading their best practices
- Working collectively in the CONPES related to informality in the SMEs' sector.
- Sharing content and developing pilot projects with Last Mile Initiative (LMI) applications in order to reduce the market access gap of SMEs through the use of Internet.

#### **4.5.3. With ADAM**

The MIDAS SMEC and ADAM share several common areas, such as: technical assistance interventions, goals related to job creation, development of complementary activities aimed at creating jobs, and both support the strengthening of businesses. The previously mentioned supports the rationale for creating synergies among both programs.

The work plans for 2007 identify common and complementary work areas, which can be supported by distinct actions from each Program. The synergies created between both programs would produce a greater impact on those projects that, due to their nature, can be covered by both programs.

##### **4.5.3.1. Objective of the joint activities**

Support processes that strengthen businesses in the overlapping municipalities of MIDAS and ADAM with the aim of optimizing the impact that both programs have through synergies created during the intervention phase.

In Table 20, the action plan for the identified joint activities and their quarterly schedule are presented.

**Table 20**

Activity	Quarter 07			
	1	2	3	4
Design and execute an action plan for implementing joint projects that strengthen social and business related initiatives				
Create a cooperative work guide that allows clear mechanisms to be defined for formulating joint projects and shares information regarding TA service providers for social and business related initiatives.				
Share information over TA service providers of social and business related initiatives				
Identify and support links between supply and demand				
Identify potential alliances from the private sector to support programs directed towards the generation / formalization of jobs and business development				
Support social and business related initiatives distinct from those assisted under the productive projects area of ADAM o those that benefit vulnerable populations				
The MIDAS SMEC will support the financial sector assistance effort and the non-banking correspondents to be established				

It is important to highlight the need to identify beforehand, the municipalities where pilot projects have moved forward in order to adequately plan interventions in the most appropriate locations.

On the other hand, it is necessary to clearly define the boundary for determining which achievements and goals will be certified by each Program so as to avoid duplicating results.

Lastly, both programs will establish a channel for constant communications that will help provide consistent and accurate answers to the different questions or concerns that may arise. Additionally, an agenda will be created for visiting potential beneficiaries of joint projects in order to achieve a unified image.

#### **4.5.4. With Other AD Programs**

##### **4.5.4.1. Accion Social/GoC**

The SMEC undertakes its actions in conjunction and within the framework of the Government of Colombia (GoC) policies and priorities, specially the National Development Plan. In work plan discussions, the SMEC met with the Ministry of Commerce and the National Planning Department and agreed with them on working on the following topics during 2007:

- Define and develop a joint strategy with the the Ministry of Trade in order to work together in their project supplier's development programs for modern and promissory industrial sectors. The SMEC recognizes that the most positive externalities are generated when groups of firms get together to pursue join actions, and specially when there are key competitive anchor big firms leading the process.

- Pursue strong emphasis in strengthening the local capabilities of Colombian regional business development organizations by undertaking regular training sessions and workshops with the network of PPs. This action is responsive to the fact that actual co-financing and international cooperation programs in Colombia tend to benefit organizations located in Bogota, and sometimes Medellin and Cali. This fact becomes a structural factor spurring inequality in the access to the funds available through the aforementioned sources.
- Define operating approach for working in a collective and complementary manner among the MIDAS Program and the diverse programs of the GoC (at the departmental and municipal levels) to support micro and SME enterprises (through programs such as Fomipyme, Colciencias, Sena, Pademer, Productive Alliances, Banca de Oportunidades, Inter al Agenda, FINAGRO, Banco Agrario, etc).
- Define the conceptual framework and areas of support from MIDAS, in accordance with the priorities of the GoC defined in the National Development Plan. In this same sense, a top priority of the GoC is to support initiatives involving innovation, transfer of knowledge, technological development, quality improvement, clusters, formalization of businesses, access to funding and financial services, development of providers and other aspects that contribute the enhancement of productivity and competitiveness of the business sector.
- Define an action plan for jointly implementing the recommendations defined in the “Conpes” for business development for micro-enterprises. The recommendations that come forth from the “Conpes” will require special attention and collaboration on behalf of the MIDAS Program for their ample development.
- Define, in coordination with governmental organizations, special projects that arise from the identification of priorities, *apuestas sectoriales* and / or from regions that produce relevant impact in terms of productivity and competitiveness.
- Integrate entities that support innovation such as incubators, centers of technological development, regional productivity centers, productivity development centers, research centers and other national organizations that develop projects with a high content of innovation and technological development, into the SMEC projects suppliers’ network during 2007.
- Information and knowledge exchange with the GoC regarding MIDAS institutional and operational design: Incentives plans for assigning resources, mechanisms for selecting beneficiaries, instruments for strengthening operators, methodology for developing projects, evaluation methodology, plan for accompanying projects, management of ISs, types of projects approved, co-financed areas and other relevant matters.
- Provide data from the MIDAS Project Management System to the Unified Project Management Information System the GoC is developing.
- Undertake joint work efforts with public institutions responsible for business development instruments (SENA, COLCIENCIAS, MCIT, MINAGRICULTURA, DNP) in the design and outline costs of business development services.
- Transfer to the GoC the MIDAS knowledge related to project evaluation and monitoring systems.
- Execute an impact evaluation of the SMEC.

- Implement period meetings between the GoC and the SMEC team members (at least once a month) to exchange information regarding the evolution and redirection of SME support programs.

#### **4.5.4.2. Other private sector business associations**

The most relevant business organizations in Colombia are current SMEC project suppliers, which leads the SMEC to take into account their views on specific strategic lines of action that might enhance the Component impact.

In this context, the SMEC work plan includes suggestions from ACOPI, ANDI, CAMACOL and FENALCO as Colombia's major business associations. Moreover, their core responsibilities as PSs, and following their suggestions, the SMEC will develop the following issues:

- Focus on cooperatives a promissory productive sector (ACOPI)
- Formalization of service sector SMEs (ACOPI)
- Joint projects with local governments (ACOPI)
- Formalization of informal SMEs working communications sector (FENALCO)
- Formalization of informal transportation agents (FENALCO)
- Support for research and implementation of labor intensive building practices (CAMACOL)
- Emphasis on internalization, logistic, supplier's development, and cluster creation (ANDI)

Finally, considering the strong potential of FENALCO, ACOPI, and CAMACOL for generating significant amounts of project proposals, as well as their weaknesses in terms of project formulation, the SMEC is proposing in this work plan to accept their special request of getting support form MIDAS for hiring a specialized professional to serve as liaison with MIDAS leading their efforts for structuring projects, with special regional emphasis. The professional will be hired directly by them, and the SMEC will co-finance up to 50% of the remuneration that cannot be higher than the lower level of the FSN 9 category in MIDAS. The SMEC considers this a sound means of strengthening their technical skills and facilitating the generation of projects for MIDAS.

#### **4.6. Plan for Involving Vulnerable Groups**

As previously mentioned, among the four types of projects that the SMEC will support, Social Initiative type projects are projects the in most cases will involve vulnerable population. However, this does not necessarily imply that the other types of projects will not encourage the involvement of IDPs and vulnerable groups implicitly.

Efforts of the SMEC will be focused on the five strategies to be described below, where SMEC participation will be complemented in each of these strategies depending on the synergies that are created between the MIDAS Business Component, the ADAM Program, AD programs such as PILAS, public entities, agencies that provide mutual support, and when at all possible with the GoC, represented by Acción Social.

As mentioned before, during 2007 first quarter the SMEC will present to USAID a concrete action plan for involving vulnerable groups which will present additional detail to the one presented in this section.

Table 21

Strategy	SMEC Guidelines	*Other Parties Involvement (Activities)
<p><b>1. Replicate other models that have been successful at incorporating a significant portion of the vulnerable population</b></p>	<ul style="list-style-type: none"> <li>• Models with proven success and sustainability to be implemented in MIDAS Corridors, taking into consideration the particularities-market dynamic of each corridor (Ex: CICA Project already supported by the SMEC).</li> <li>• Support to sustainable and cost-effective projects with a significant impact on job creation in previously defined high risk zones.</li> </ul>	<ul style="list-style-type: none"> <li>• Contributions and resources to execute the formation of legally constituted associations.</li> <li>• Identification of organizations in charged of the commercialization of final products</li> <li>• Monitoring and Evaluation</li> </ul>
<p><b>2. Project evaluation criteria that encourages the creation of new jobs within vulnerable populations</b></p>	<ul style="list-style-type: none"> <li>• Give scoring preference, in the project approval process, to those projects that include IDPs and / or are located in high risk zones.</li> </ul>	
<p><b>3. Assistance to projects that have alliances with the large enterprises</b></p>	<ul style="list-style-type: none"> <li>• In collaboration with other AD programs, identify organizations / enterprises interested in creating labor relations with vulnerable populations according to their particular needs.</li> </ul>	<ul style="list-style-type: none"> <li>• Vocational diagnosis and development of training programs in specific areas needed by participating companies</li> </ul>
<p><b>4. Offer support to projects that are productive and sustainable</b></p>	<ul style="list-style-type: none"> <li>• Projects with productive and profitable orientation and with assurance of an established market</li> <li>• Support on behalf of the Financing and Special Projects Coordinator (F&amp;SPC) in creating links with other donors, agencies and entities.</li> </ul>	<ul style="list-style-type: none"> <li>• Contribution and resources for continual training</li> <li>• Endowment of funds to invest in working capital and its administration</li> <li>• Assistance in formulating business plans.</li> <li>• Financial plans and actual availability of permanent resources</li> </ul>

\*Other parties involvement includes: MIDAS business components, ADAM, public sector, international cooperation entities, GoC, among others.

#### 4.7. 2007 Quantitative Objectives

##### 4.7.1. Commitments Chart - with explanation

Table 22

Main Indicators Commitments	LOP GOALS	CUMUL YEAR 1	YEAR 2 / 2007												YEAR 2	TOTAL CY 1&2	% (Tot / LOP)
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec			
1. Number of Jobs Created	125,000	4,682	1,000	1,902	3,557	3,519	5,183	4,174	5,195	4,338	5,083	3,445	4,553	1,074	43,023	47,705	38%
2. Hectares Planted																	
Natural Forest Hectares																	
3. Number of Families Benefited (ACI)	125,000	4,682	1,000	1,902	3,557	3,519	5,183	4,174	5,195	4,338	5,083	3,445	4,553	1,074	43,023	47,705	38%
3.1 Number of Families Benefited	418,000	14,489	4,455	8,468	16,111	15,786	23,382	18,709	23,440	19,440	22,944	15,449	20,643	4,777	193,604	208,093	50%
4. Private Sector Firms Formed or Strengthened	10,400	1,205	30	168	196	280	345	335	346	348	337	263	239	91	2,978	4,183	40%
5. Projects Signed	3,896	31	16	63	70	98	121	118	122	124	120	95	85	35	1,067	1,098	28%
6. Total Value of Supported Projects (US\$000)	130,000	5,941	1,014	1,927	3,604	3,565	5,250	4,229	5,264	4,395	5,150	3,490	4,613	1,084	43,583	49,524	38%
7. MIDAS Average Share of Total Investment (%)	20%	12%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	20%
8. MIDAS Total Project Support (US\$000)	26,000	733	208	396	740	732	1,078	868	1,081	902	1,057	717	947	223	8,949	9,682	37%

For the year 2007, USD8.9 million will be committed by the SMEC for projects Grants & Subcontracts. Associated with this amount, 43,023 jobs will be pledged, taking the cumulative execution of the component in terms of its 5 year goals to more than 38%. As mentioned before, the projects estimated to be approved in 2007 must benefit 2,978 firms and 43,023 families.

The relevance of collective projects in the strategy of the component can be noted as, at the end of 2007, when 40% of the expected firms will be reached and 38% of the jobs committed, with just 28% of the projects originally estimated. Obviously, it will be a challenge for the Component, and particularly for the PS's network, to maintain the ability to identify and support collective proposals of this quality during the next 4 years.

4.7.2. Projected Result including Achievements/Cash Flow Chart - with explanation

Table 23

Main Indicators Achieved / Cash Flow	LOP GOALS	CUMUL YEAR 1	YEAR 2 / 2007												YEAR 2	TOTAL CY 1&2	% (Tot / LOP)
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec			
1. Number of Jobs Created	125,000	520	420	791	1,547	2,577	4,716	5,026	5,321	5,785	4,795	4,440	4,487	3,607	43,512	44,032	35%
2. Hectares Planted Natural Forest Hectares																	
3 Number of Families Benefited (ACI)	125,000	520	420	791	1,547	2,577	4,716	5,026	5,321	5,785	4,795	4,440	4,487	3,607	43,512	44,032	35%
3.1 Number of Families Benefited	418,000	10,327	3,875	7,357	14,101	14,844	22,915	19,561	23,566	20,887	22,656	16,444	20,577	7,310	194,093	204,420	49%
4. Private Sector Firms Formed or Strengthened	10,400	1,205	30	168	196	280	345	335	346	348	337	263	239	91	2,978	4,183	40%
5. Total Value of Supported Projects (US\$000)	130,000	-	-	-	149	446	891	1,040	1,337	2,079	1,021	1,472	2,287	3,110	13,831	13,831	11%
6. MIDAS Average Share of Total Investment (%)	20%	-	-	-	308%	1	1	78%	1	0	102%	1	0	25%	64%	64%	
7. MIDAS Total Project Support (US\$000)	26,000	3	204	294	457	622	822	814	959	982	1,040	963	973	783	8,914	8,917	34%

\*The 520 new jobs achieved in 2006 are taking into account 488 new jobs created in 2006 that were certified during the first two weeks of 2007.

In terms of Achievements/Cash Flow, over USD730 thousand will be carried on to 2007. Therefore, the disbursements for project's Grants & Subcontracts of the 2007 MIDAS SMEC work plan will add up to USD 8,914 thousand and the creation of 43,512 new jobs within the MIDAS' corridors.

#### 4.8. Basic Budget

Table 24

PROGRAM DIRECT COST FORECAST					
Line Item	Q1	Q2	Q3	Q4	Total
Long Term Labor*	382,458	408,063	411,243	416,156	1,617,921
ST Labor*	45,560	45,560	45,560	45,560	182,238
<b>Total Labor</b>	<b>428,018</b>	<b>453,622</b>	<b>456,803</b>	<b>461,716</b>	<b>1,800,159</b>
Travel & Per Diem	58,067	58,067	58,067	58,067	232,269
Seminars, Workshops, and Conferences	113,000	113,000	113,000	113,000	452,000
<b>Total Field Trips &amp; Training</b>	<b>171,067</b>	<b>171,067</b>	<b>171,067</b>	<b>171,067</b>	<b>684,269</b>
Project Support Grants and Subcontracts	955,993	2,257,599	2,981,371	2,719,489	8,914,453
Other US Grants and Subcontracts	33,932	33,932	33,932	33,932	135,728
Other Local Grants and Subcontracts	190,025	190,025	190,025	190,025	760,100
<b>Total Grants and Subcontracts</b>	<b>1,179,950</b>	<b>2,481,556</b>	<b>3,205,328</b>	<b>2,943,446</b>	<b>9,810,281</b>
<b>Subtotal</b>	<b>1,779,035</b>	<b>3,106,245</b>	<b>3,833,199</b>	<b>3,576,230</b>	<b>12,294,709</b>

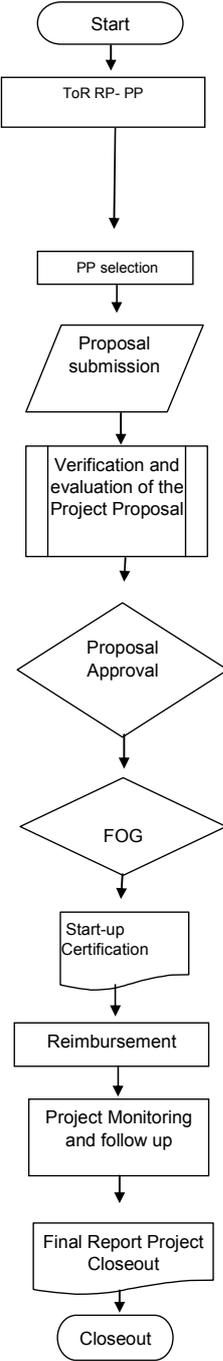
Finally, with regards to budget, the Component's staffing plan is expected to be finished in February 2007; as a result, the total cost of Long Term Labor, including the decision to contract the MIDAS consultants as employees, is USD1.6 million.

Additionally, during 2007 the component will make a special effort in outreach and training through seminars and workshops, expending over USD 452 thousands in this area. Finally, as mentioned before, projected expenditures for grants and subcontracts present a total of USD 8,914 thousands. As a result, the expected direct costs for the SMEC add up to USD 12,295 thousands for 2007.

The travel and per-diem line item includes a significant proportion on intra-corridor travels. This is consequent of the full operation of the regional offices, and a trend to increase the number of minor city and rural SME proposals in the Component project portfolio during 2007.

## APPENDIX NO. 1: SMEC Business Development Process flowchart

Diagram 5

		<b>PROCESS CHARACTERIZATION</b>			CODE	CP02
		<b>SMEC TECHNICAL ASSISTANCE</b>				
ELABORATED:		EDITION No.:	1	STARTING DATE		
REVISED:		DATE CREATION				
APPROVED:						
PROVIDER	INPUT - REQUIREMENTS	FLOWCHART	RESPONSIBLE	OUTPUT - REQUIREMENTS	CUSTOMER	
SMEC Manager & Business Development Coordinator (BDC)	Selection Criteria & Prototype of Organizations		SMEC Manager & BDC	Term of Reference (ToR) for the issuance of the Request for Proposal (RP) for Project Providers (PP)	Potential PP (Universities, associations, chambers of commerce, etc)	
	Framed within policies and criterias of ARD and USAID			Approved		
The Potential PP	Proposals of potential PP Complying with ToR		SMEC Manager & BDC	Selection of PP In compliance with USAID and ARD policies and BPA	MIDAS PP	
Proponents	Proponent needs Technical Assistance (TA)		PP	Proposal submission Complying with SMEC requirements and criteria	Midas Consultant SMEC Regional Office	
PP	Proposal Complying with SMEC requirements and criteria		MIDAS Consultant	Verified and evaluated Project Proposal Complying with SMEC requirements and criteria	SMEC Evaluation Committee	
MIDAS Consultant	Verified and evaluated Project Proposal Complying with SMEC requirements and criteria		SMEC Evaluation Committee	Approved Project Complying with SMEC requirements and criteria	PP, Proponent and G&C	
Evaluation Committee	Approved Project Complying with SMEC requirements and criteria		Grants&Contracts	Signature Grant Agreement (FOG) Complying with SMEC requirements and criteria	Grantee	
Grants&Contracts (G&C)	FOG signed Complying with SMEC requirements and criteria		MIDAS Consultant	Start-up Certification Complying with SMEC requirements/criteria and signing TA agreement between grantee and CSP	Grantee and Consultant Service Provider (CSP)	
MIDAS Consultant and CSP	Products/job creation, formats and Invoice Complying with FOG timetable, formats and invoice correctly filled out		MIDAS Consultant & CSP	Grant reimbursement Complying with Grant Agreement milestones and activities	Grantee	
Grantee	Fiscal Financial Statements Approved by SME Controller		MIDAS Consultant	Follow up TA post-intervention Monitoring job creation and sales increase	SMEC	
MIDAS Consultant and Grantee	Final TA Report Filling out closeout formats		CPYME, PPD, Controlling, G&C Areas	Project closeout Technical, Financial and Legal Closeout	G&C	